PROPERTY OF
PRINCETON UNIVERSITY LIBRARY
RECEIVED JUN 15 1932

JUNE 1932 2/6

THE BANKER

A Journal of International Banking

Vol. XXII No. 77

Contents Include

INTERNATIONAL CONFERENCE FUTILITIES
THE GOVERNMENT AND MONEY
THE BANKING YEAR ABROAD
CENTRAL BANKS AND ECONOMIC POLICY
THE BANK OF PORTUGAL CASE
BY OUR LEGAL CORRESPONDENT
FOREIGN BANKING CONDITIONS
THE YEAR'S BANKS
BY PROFESSOR C. H. REILLY

Published by
FINANCIAL NEWSPAPER PROPRIETORS LIMITED
20 Bishopsgate, E.C.2

"Luvisca" REGD
SHIRTS
SOFT COLLARS & PYJAMAS

MEN who seek always to appear at their best, who value constant comfort and ultimate economy, can desire nothing better than "LUVISCA" wear. Silky but strong in texture, patterned in all the smartest effects, and thoroughly well made.
BRITISH MANUFACTURE.

Sold by Leading Hosiers, Outfitters and Stores
Ask for and see you get "LUVISCA." There is nothing just as good.

IF any difficulty in obtaining, write Courtaulds Ltd. (Dept. 153M), 16, St. Martin's-le-Grand, London, E.C.1, who will send you the name of nearest retailer and descriptive literature.

LOOK FOR THE REGD. TAB: Luvisca COURTAULDS

COURTAULDS FABRIC

BLADES, EAST & BLADES, Ltd.

Established 1821.

CITY OFFICES:
17 ABCHURCH LANE,
LONDON, E.C.
Telephones : Mansion House 9681 (5 *lines*).

WORKS:
LEONARD ST., FINSBURY,
LONDON, E.C.
Telephones : Clerkenwell 3636, 3637, 3638.

Telegrams : "Identical, London."

BANKERS' CHEQUE PRINTERS.

BANK NOTES, BONDS, BANKERS' PROTECTIVE CHEQUES,
CERTIFICATES, POSTAGE AND REVENUE STAMPS,
ENGRAVERS AND FINE ART PRINTERS.

COMPANY PROSPECTUSES.

WHOLESALE AND EXPORT MANUFACTURING STATIONERS, LITHOGRAPHERS,
PRINTERS, ACCOUNT BOOK MAKERS, AND SEAL ENGRAVERS.

PHOTOGRAVURE AND COLOUR PRINTING.

PUBLIC COMPANY WORK, INCLUDING INSURANCE COMPANIES,
BANKS, ETC., A SPECIALITY.

BRADBURY, WILKINSON & CO., LTD.

DESIGNERS, ENGRAVERS & PRINTERS
— *of* —
BANK NOTES, POSTAGE STAMPS,
BONDS, SHARE WARRANTS,
CERTIFICATES, CHEQUES,
and
ALL DOCUMENTS OF SECURITY

◆

PROSPECTUSES, TRUST DEEDS,
CONFIDENTIAL REPORTS,
AND ALL STATIONERY FOR
FINANCIAL HOUSES

HEAD OFFICE & WORKS:
NEW MALDEN, SURREY
TELEPHONE: WIMBLEDON 2500-1-2

LONDON OFFICE:
2 MOORGATE BUILDINGS,
E.C.2.
TELEPHONE: METROPOLITAN 8806-7-8

BARCLAYS BANK

LIMITED.

Head Office : **54 LOMBARD STREET, LONDON, E.C.3**

And over 2,050 Branches in England and Wales.

Authorised Capital	**£20,000,000**
Issued and Paid-up Capital ..	**£15,858,217**
Reserve Fund	**£10,250,000**
Deposits, etc. (31st Dec., 1931)	**£335,565,144**

Every description of British and Foreign Banking Business Transacted.

Executor and Trustee Business undertaken.

ASSOCIATED COMPANIES :

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS).
BARCLAYS BANK (FRANCE) LIMITED.
BARCLAYS BANK (CANADA).
BARCLAYS TRUST COMPANY OF CANADA.
BARCLAYS BANK, S.A.I.
THE BRITISH LINEN BANK.
THE UNION BANK OF MANCHESTER LIMITED.

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

OVER 400 BRANCHES IN
THE UNION OF SOUTH AFRICA
NORTHERN & SOUTHERN RHODESIA
KENYA - TANGANYIKA - UGANDA - NYASALAND
PORTUGUESE EAST AFRICA - SOUTH-WEST AFRICA
BRITISH WEST AFRICA-BRITISH WEST INDIES-BRITISH GUIANA
MAURITIUS - EGYPT - SUDAN - PALESTINE - MALTA - GIBRALTAR
LONDON - LIVERPOOL - MANCHESTER - HAMBURG - NEW YORK (Agency)

WORLD-WIDE BANKING SERVICE FOR TRAVEL AND TRADE.

Head Office : **54 LOMBARD STREET, LONDON, E.C.3**

BARCLAYS BANK (CANADA),
MONTREAL & TORONTO.

MARTINS BANK

LIMITED.

London Office:
68 LOMBARD STREET,
LONDON, E.C.3.

Manchester District Office:
43 SPRING GARDENS

Head Office:
WATER STREET, LIVERPOOL.

Capital Paid Up and Reserves - - -	**£7,190,866**
Deposits, etc., at 31st Dec., 1931 - -	**£75,927,392**

The Bank has 565 offices, and Agents in principal towns at home and abroad.

All descriptions of Banking, Trustee and Foreign Exchange Business transacted. The Bank is prepared to act as Registrar for Public and Corporate Bodies.

The
Hongkong and Shanghai Banking Corporation

(Incorporated in the Colony of Hongkong. The liability of members is limited to the extent and in manner prescribed by Ordinance No. 6 of 1929 of the Colony.)

AUTHORISED CAPITAL	**$50,000,000**
ISSUED AND FULLY PAID UP	**$20,000,000**
RESERVE FUNDS—	
STERLING	**£6,500,000**
SILVER	**$10,000,000**
RESERVE LIABILITY OF PROPRIETORS ...	**$20,000,000**

HEAD OFFICE: HONGKONG.

BOARD OF DIRECTORS:
Hon. Mr. J. J. PATERSON, Chairman.
T. E. PEARCE, Deputy-Chairman.
W. H. BELL
A. H. COMPTON
M. T. JOHNSON
G. MISKIN
J. A. PLUMMER
T. H. R. SHAW
J. P. WARREN
CHIEF MANAGER: V. M. GRAYBURN.

BRANCHES:

Amoy, Bangkok, Batavia, Bombay, Calcutta, Canton, Chefoo, Colombo, Dairen (Dalny), Foochow, Haiphong, Hamburg, Hankow, Harbin, Hongkew (Shanghai), Ipoh, Johore, Kobe, Kowloon, Kuala Lumpur, London, Lyons, Malacca, Manila, Moukden, Muar, New York, Peiping (Peking), Penang, Rangoon, Saigon, San Francisco, Shanghai, Singapore, Sourabaya, Sungei Patani, Tientsin, Tokyo, Tsingtao, Yloilo, Yokohama.

COMMITTEE IN LONDON:
Sir Charles Addis, K.C.M.G., Chairman.
A. H. Barlow
D. G. M. Bernard
C. A. Campbell
Sir George Macdonogh, G.B.E., K.C.B., K.C.M.G.
The Rt. Hon. Lord Revelstoke
Sir George Sutherland
A. M. Townsend
C. F. Whigham

MANAGERS IN LONDON:
H. D. C. Jones
R. E. N. Padfield
Accountant: A. Moncur

9 GRACECHURCH STREET, LONDON, E.C.3.

DISTRICT BANK
LIMITED

**Every Banking Facility.
Agencies Undertaken for Foreign Banks.**

FOREIGN DEPARTMENT - - - - - - 13, Spring Gardens, Manchester
2, Castle Street, Liverpool
76, Cornhill, London, E.C.3

TRUSTEE DEPARTMENT - - - - - - 13, Spring Gardens, Manchester
46, Old Bond St., London, W.1

LONDON OFFICES - - - - 75, Cornhill, E.C.3
West End Branch, 46, Old Bond Street, W.1

LIVERPOOL OFFICE - - - - - - - - - - - 3, Water Street

DECUS PRUDENTIÆ MERCES

Total Assets exceed
£56,000,000

400 BRANCHES ... ... AGENTS EVERYWHERE

HEAD OFFICE: SPRING GARDENS, MANCHESTER

THE
BRITISH OVERSEAS BANK
LIMITED

Capital Authorized - - - - £5,000,000
Issued and Paid-up - - - - - £2,000,000
Reserve Fund - - - - - - - £225,000

Through its world-wide connections and agencies the Bank is able to offer to its clients at home and abroad exceptional facilities in foreign exchange and in the financing of every form of foreign trade, and also to provide up-to-date credit reports and information as to international business conditions. Correspondence invited.

33 GRACECHURCH STREET
Lombard Court, LONDON, E.C.3

Telegraphic Address (Inland): "SAESREVO, WIRE, LONDON"
(Foreign): "SAESREVO, LONDON"
Telephone No. MANSION HOUSE 7842.

Affiliated Institution in Poland:
ANGLO-POLISH BANK, LIMITED, WARSAW.

BANK OF NEW SOUTH WALES

Established in 1817

Incorporated in New South Wales with Limited Liability.

(With which are amalgamated the Western Australian Bank and The Australian Bank of Commerce Ltd.)

Branches and Agencies (688) in all the Australian States, Federal Territory, New Zealand, Fiji, Papua, and Mandated Territory of New Guinea

Head Office - - SYDNEY, NEW SOUTH WALES.

General Manager: A. C. DAVIDSON.

PAID-UP CAPITAL	**£8,780,000**
RESERVE FUND	**6,150,000**
RESERVE LIABILITY OF PROPRIETORS	**8,780,000**
	£23,710,000

Aggregate Assets, 30th September, 1931, **£90,111,427 9s. 6d.**

LONDON DIRECTORS:

H. L. M. TRITTON, Esq., Chairman. I. C. GEDDES, Esq. CHAS. L. DALZIEL, Esq.
OSCAR LINES, Esq., *Hon. Director.*

J. S. CAMPBELL, Manager. A. L. KENNEDY, Secretary.
D. GEDDIE, Assistant Manager. G. S. KETT, Accountant.

The London Office issues Drafts on demand on its Head Office (Sydney, N.S.W.), and all Branches. Makes Mail and Cable Transfers. Negotiates and Collects Bills of Exchange. Arranges Wool and other Produce Credits. Receives Deposits for Fixed Periods on terms which may be known on application, and conducts every description of Australasian Banking Business.

London Office: 29, THREADNEEDLE STREET, E.C.2

THE COMMERCIAL BANKING COMPANY OF SYDNEY

LIMITED

Established 1834. Incorporated in New South Wales with limited liability.

With which is amalgamated THE BANK OF VICTORIA LTD.

	£	s.	d.
AUTHORISED CAPITAL - - - - - -	£12,000,000	0	0
CAPITAL PAID UP - - - - - - -	£4,739,012	10	0
RESERVE FUND - - - - - - -	£4,300,000	0	0
RESERVE LIABILITY OF SHAREHOLDERS -	£4,739,012	10	0
	£13,778,025	0	0
TOTAL ASSETS, 31st December, 1931 - -	£56,055,914	0	0

HEAD OFFICE: 343 GEORGE STREET, SYDNEY.

General Manager - - J. R. DRYHURST.

LONDON OFFICE: 18, BIRCHIN LANE, LOMBARD STREET, E.C.3.

Manager - V. B. JONES.

431 Offices and Branches in New South Wales, Queensland, Victoria, South Australia, and Federal Capital Territory. Agencies throughout Australia and New Zealand and all other parts of the world.

Drafts payable on demand and Letters of Credit are issued by the London Branch on the Head Office, Branches and Agencies of the Bank.

Bills on Australia negotiated and collected. Remittances cabled and mailed.

ROYAL BANK OF SCOTLAND

(Incorporated by Royal Charter 1727)

Capital (Fully Paid) - - - - - £3,780,192
Rest or Reserve Fund - - - - - £3,780,926
Deposits - - - - - - - £49,416,137

OVER
200 YEARS OF COMMERCIAL BANKING

With its extensive Branch System throughout Scotland, four Offices in London, and Correspondents in every Country in the World, the Bank is in close touch with industrial conditions, and is in a position to handle every description of British, Colonial, and Foreign banking business on very favourable terms.

CORRESPONDENCE INVITED.

248 BRANCHES IN ALL.

HEAD OFFICE: EDINBURGH

General Manager: Sir Alexander Kemp Wright, K.B.E., D.L., LL.D.

ASSOCIATED BANK - - - WILLIAMS DEACON'S BANK LD.
(Members of the London Bankers' Clearing House.)

THE BRITISH LINEN BANK

Incorporated by Royal Charter, 1746.

CAPITAL AND RESERVE FUNDS - - £3,600,000

Head Office:
38 St. Andrew Square, EDINBURGH.

OVER 200 BRANCHES THROUGHOUT SCOTLAND.

London Office:
38 Threadneedle Street, E.C. 2.
Where accounts may be opened on usual London terms.

YOKOHAMA SPECIE BANK, LIMITED.

ESTABLISHED 1880. *(Incorporated in Japan)*

Capital Subscribed and Fully Paid - - Yen 100,000,000
Reserve Fund - - - - - - - - - Yen 117,300,000

Head Office: YOKOHAMA.

BRANCHES and AGENCIES at Alexandria, Batavia, Berlin, Bombay, Canton, Calcutta, Changchun, Dairen (Dalny), Fengtien (Mukden), Hamburg, Hankow, Harbin, Hong Kong, Honolulu, Kai Yuan, Karachi, Kobe, London, Los Angeles, Lyons (Temporarily Closed), Manila, Nagasaki, Nagoya, Newchwang, New York, Osaka, Paris, Peiping, Rangoon, Rio de Janeiro, Samarang, San Francisco, Seattle, Shanghai, Shimonoseki, Singapore, Sourabaya, Sydney, Tientsin, Tokyo, Tokyo (Marunouchi), Tsingtau.

The Bank buys and receives for collection Bills of Exchange, issues Drafts and Telegraphic Transfers and Letters of Credit on above places and elsewhere, and transacts General Banking Business. Deposits received for fixed periods at rates to be obtained on application.

London Office:—7 Bishopsgate, London, E.C.2
D. NOHARA, Manager.

(Members of the London Bankers' Clearing House.)

THE
NATIONAL BANK
LIMITED
Established 1835

Capital Subscribed £7,500,000

Founded nearly a Century ago, the progress of the Bank is well illustrated in the following figures:

YEAR	NUMBER OF OFFICES	DEPOSITS
1850	47	£1,192,000
1900	100	£11,253,000
1932	272	£36,978,000

The Head Office in Old Broad Street is the oldest Banking House in that most important financial centre.

⁂

ENGLAND

HEAD OFFICE: 13 Old Broad Street, London, E.C.2, and 27 Metropolitan & Provincial Branches and Sub-Offices.

IRELAND

CHIEF OFFICE: 34 College Green, Dublin, and 243 Branches & Sub-Offices throughout the Country.

⁂

Every description of Banking, Foreign Exchange, Income Tax and Executor & Trustee Business Transacted.

AGENTS AND CORRESPONDENTS THROUGHOUT THE WORLD

THE
STANDARD BANK
OF SOUTH AFRICA LIMITED

Bankers to the Imperial Government in South Africa; and to the Governments of Northern Rhodesia, Southern Rhodesia, Nyasaland and Tanganyika.

Capital Authorised and Subscribed	**£10,000,000**
Capital Paid up	**£2,500,000**
Reserve Fund	**£3,164,170**
Capital Uncalled	**£7,500,000**

Head Office:
10 CLEMENTS LANE, LOMBARD STREET,
and 77 KING WILLIAM STREET, LONDON, E.C.4.
LONDON WALL Branch—63 London Wall, E.C.2.
WEST END Branch, 9 Northumberland Avenue, W.C.2.
NEW YORK Agency: 67 Wall Street.
HAMBURG Agency: Bank of British West Africa, Ltd., 49-53 Schauenburger Strasse.

OVER **370** BRANCHES, SUB-BRANCHES and AGENCIES in **SOUTH, EAST** and **CENTRAL AFRICA.**

Banking Business transacted in all Parts of the World.

BERTRAM LOWNDES, London Manager.

OTTOMAN BANK
Incorporated in Turkey with Limited Liability
Established 1863.

CAPITAL, £10,000,000.
PAID UP, £5,000,000.

London Office:
26 THROGMORTON ST., E.C.2.
Manager: E. W. H. BARRY.
Deputy Manager: R. S. C. PEARCE.
Assistant Manager and Secretary: W. P. SHEPPARD
Sub-Managers: F. FISHER, G. F. KERR.

PARIS: 7 RUE MEYERBEER
ISTANBUL (formerly Constantinople) and throughout TURKEY.
MANCHESTER: 56/60 Cross Street.
MARSEILLES: 38 Rue St. Ferréol.
NICE: 13 Place Masséna.
EGYPT: Alexandria, Cairo, Ismailia, Mansura, Minya, Port Said.
PALESTINE: Jerusalem, Jaffa, Haifa, Nablus, Tel-Aviv.
TRANSJORDANIA: Amman.
CYPRUS: Nicosia, Larnaca, Limassol, Famagusta, Paphos.
Filiale for SYRIA: Banque de Syrie et du Grand Liban.
GREECE. IRAK. PERSIA. TUNIS.
(Over 80 Branches in the Near East.)

The Bank has been established for over 60 years, and has its own Branches or Agents in every important commercial town in the Near East. Drafts and Telegraphic Transfers issued. Letters of Credit granted. Exchange and Insurance operations effected.

BANCA MOLDOVA
LTD.
JASSY——BUCHAREST.

□ □

Capital Paid up and Reserves—
LEI 237,000,000.

□ □

Cable Address: MOLDOBANCA.

Branches:

BACAU, BALTI, BARLAD, BRAILA, CETATEA-ALBA, CERNAUTI, CHISINAU, GALATI, PIATRA-NEAMTZ, RENI, ROMAN, TIGHINA, VASLUI

□ □

Every Description of Banking Business Transacted.

PROTECTION

¶ In the hazardous days of the early colonisation of the New World, the convoys of treasure and merchandise needed armed protection.

¶ To-day, the interchange of wealth is effected with ease and security through the channels of international banking.

¶ Unrivalled facilities for every description of modern banking business with South and Central America and Spain are afforded by

THE
ANGLO-SOUTH AMERICAN BANK LTD
117 OLD BROAD ST, LONDON, E.C.2

BANCO CENTRAL DE BOLIVIA

formerly

BANCO DE LA NACION BOLIVIANA

Established 1911.

OPERATES AS A CENTRAL BANK OF ISSUE, DISCOUNT, DEPOSIT AND EXCHANGE THROUGHOUT THE REPUBLIC OF BOLIVIA.

Authorised Capital - Bs.30,000,000
Paid-up Capital - Bs.25,687,075
Reserve Fund - - Bs.6,155,826

Telegraphic Address: "NAVIANA."

Head Office : LA PAZ.

BRANCHES :
Cochabamba, Oruro, Potosi, Riberalta, Santa Cruz, Sucre, Tarija, Trinidad.

Specially prepared to grant facilities for the DEVELOPMENT of the ECONOMIC RELATIONS between the REPUBLIC OF BOLIVIA and all FOREIGN COUNTRIES.

The Bank grants special facilities to Travellers proceeding to Bolivia.

CORRESPONDENCE INVITED.

BANCO DE PORTUGAL

ESTABLISHED 1846

Head Office :
Rua do Comércio, 148
LISBON
Telegraphic Address : "BANGAL"

Governor :
I. CAMACHO RODRIGUES

Vice-Governors :
CARLOS SOARES BRANCO
ÁLVARO PEDRO DE SOUSA
Dr. FERNANDO EMYGDIO DA SILVA

Administrators :
A. J. PEREIRA, Júnior
Dr. JOSÉ CÆIRO DA MATTA
Dr. M. A. CASAL RIBEIRO DE CARVALHO
RAMIRO LEÃO
DOMINGOS DE SOUSA E HOLSTEIN BECK
HENRIQUE MISSA
Dr. J. EMAUZ LEITE RIBEIRO
FRANCISCO MEIRA
FERNANDO ENNES ULRICH

Capital (paid up) - **Esc. 100:000.000$00**
Reserve Funds (4-5-1932) „ **73:386.976$56**
Total Assets („ „) „ **3.170:014.052$09**

32 Branches throughout Portugal
Correspondents in all important places abroad

CRÉDIT LYONNAIS

(Limited Liability Company Incorporated in France.)

Central Office : PARIS. *Established* 1863. **Head Office : LYONS**

1,450 Branches and Offices in France, Algeria, Morocco, Tunis, and various Countries.

Correspondents in Lisbon and Oporto :—CRÉDIT FRANCO-PORTUGAIS.

Capital (Fully paid) - - - - - - - - - - -	**Fcs. 408,000,000**
Reserve Fund - - - - - - - - - - - - -	**800,000,000**
Deposit and Current Accounts as at 29th Feb., 1932 -	**14,370,359,589**

London Office: 40, Lombard Street, E.C.3

West End Branch: 25-27, Charles Street, Haymarket, S.W.1

The London Offices issue Letters of Credit, receive securities for safe custody, collect dividends ; open Deposit and Current Accounts, deal in all foreign currencies, and conduct every kind of Banking business.

Correspondents in all parts of the World.

BANQUE BELGE POUR L'ETRANGER S.A.

(Filiale de la Société Générale de Belgique.) (*Limited Company Incorporated in Belgium*)

CAPITAL : Subscribed Frs. 200,000,000 **Paid up Frs. 158,424,125** **RESERVES Frs. 130,000,000**

HEAD OFFICE: BRUSSELS, 66 rue des Colonies.

Branches : PARIS (12 Place de la Bourse), NEW YORK (67 Wall Street), PEKING (PEIPING), SHANGHAI, TIENTSIN, HANKOW.

LONDON OFFICE: 4 Bishopsgate, E.C.2.

Manager: A. S. DONNAY (Director).

London Committee: Messrs. J. S. Haskell, A. F. Buxton, A. Callens, F. Haegler (Honorary General Manager) and A. S. DONNAY.

AFFILIATED BANKS throughout BELGIUM and LUXEMBURG and also in FRANCE and GERMANY.

ALLIED BANKS in Austria, Bulgaria, Czecho-Slovakia, Egypt, Holland, Hungary, Italy (Tyrol), Morocco, Poland, Rumania, Spain and Yugo-Slavia.

Correspondents in all parts of the World.

AGENTS IN THE UNITED KINGDOM FOR THE BELGIAN POSTAL CHEQUE SERVICE
LETTERS OF CREDIT—COLLECTION OF CLEAN AND DOCUMENTARY DRAFTS.

FOREIGN EXCHANGE business a speciality ; FOREIGN CURRENCIES bought and sold for immediate or forward delivery, enabling traders to secure the exchange for their contracts in the currency of the country of their customers.

All kinds of banking business undertaken.

NATIONAL BANK OF EGYPT.

(*Incorporated in Egypt. Liability of Members is Limited.*)

HEAD OFFICE : CAIRO.

FULLY PAID CAPITAL - - - - - -	£3,000,000.
RESERVE FUND - - - - - - -	£3,000,000.

London Agency :

6 and 7 KING WILLIAM STREET, E.C.4.

Branches in all the Principal Towns in

EGYPT and the SUDAN.

Royal London

Mutual Insurance Society, Limited

Founded 1861.

ASSETS EXCEED £26,000,000

Mutual Life Assurance
Ordinary & Industrial

Fire, Accident, Motor &
:: General Insurance ::

For prospectuses and particulars apply

Head Office : **ROYAL LONDON HOUSE,**
FINSBURY SQUARE, LONDON, E.C.2
City Office : **QUEEN'S BUILDINGS,**
52 QUEEN VICTORIA STREET, E.C.4

Price 3s. net.

A FIRST BOOK OF ECONOMICS

BY

NORMAN CRUMP

"Within its own defined scope it is an admirable piece of work, lucid, impartial, economical of phrase."—*The Economist.*

MACMILLAN & CO., LTD., LONDON, W.C.2.

BANKING, FINANCE
***and* CREDIT**

THE Macmillan Committee was appointed "to inquire into banking, finance and credit, paying regard to the factors both internal and international which govern their operation, and to make recommendations." Sir Josiah Stamp has described the Report which has been issued by the Committee as:

> "*. . . easily the best up-to-date textbook on the financial system. The description of the current working of the Bank of England and Joint Stock Banks, the Accepting Houses, and of the discount market is exceedingly well done and will form the basis of educational work for many years to come . . . In the concluding section of the expository part, 'The Influence of Monetary Policy on the Price Level,' the Report breaks ground which is quite new in banking literature.*"

THE Committee took evidence from a large number of witnesses, which will be no less indispensable than the Report itself for students of economic subjects.

REPORT. Roy. 8vo. pp. vi + 322. 5*s*. net. Post Free 5*s*. 5*d*.
MINUTES OF EVIDENCE. F'cap folio. Vol. I. pp. 366. Vol. II. pp. 348. 32*s*. 6*d*. net each. Post Free 33*s*. 3*d*. each.
Report and Evidence together. 3 vols. 71s. post free.

Obtainable from
HIS MAJESTY'S STATIONERY OFFICE

LONDON: Adastral House, Kingsway, W.C.2.
Edinburgh: 120, George St.
Manchester: York St.
Cardiff: 1, St. Andrew's Crescent
Belfast: 15, Donegall Square West
Or through any Bookseller

"*No business can afford to be without it.*"—*Manchester Guardian Commercial.*

STATESMAN'S YEAR-BOOK 1932

Edited by
M. EPSTEIN, M.A., Ph.D.

PRINCIPAL CONTENTS
(for each country in the world)

Constitution & Government; Area & Population; Production & Industry; Commerce & Communications; Imports & Exports (Statistics); Shipping & Navigation; Currency, Weights & Measures; Diplomatic Representatives; Education; Religion; Finance, &c.

An invaluable reference book for bankers & business men.

1506 pages. With Maps. 20s. net.

MACMILLAN

THE
UNITED FRIENDLY
INSURANCE COMPANY, LTD.

Are offering SPECIAL TERMS to men of proved ability.

LIFE, FIRE, BURGLARY, SICKNESS, PLATE GLASS, DRIVERS' RISKS, HOUSE PURCHASE, ENDOWMENTS, Etc. Etc.

E. R. BALDING,
Managing Director.

42 Southwark Bridge Road, London.

Over 10% per annum Guaranteed for Life

This is the safe and certain return which a man aged 62 can obtain for life on capital invested with the **CONFEDERATION LIFE ASSOCIATION,** the old-established Annuity Office, which has funds exceeding £18,000,000 under the direct supervision of the Canadian Government.

The return granted on capital invested at other ages by both male and female annuitants is equally liberal, as will be seen from the following examples of the life income which each £1,000 invested will secure. Any sum from £100 upwards will secure a proportionate income.

Contracts may also be effected under which the Full Return of the Capital Invested is Guaranteed

Male	Annuity payable Yearly.	Female	Annuity payable Yearly.
Age 55 -	£83 15 1	Age 55 -	£74 17 0
Age 60 -	£95 4 9	Age 60 -	£83 8 1
Age 65 -	£110 14 10	Age 65 -	£95 12 1
Age 70 -	£132 19 7	Age 70 -	£113 15 4

Specially favourable terms are granted those in impaired health.

Write to-day for a personal quotation, giving exact date of birth:

CONFEDERATION
Association LIFE of Canada
(Incorporated in Canada in 1871 as a Limited Company).
BUSH HOUSE, ALDWYCH, LONDON, W.C.2
FUNDS EXCEED £18,000,000

WRITE FOR PARTICULARS OF

CAPITAL BY INSTALMENTS

PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION

25-31, MOORGATE
LONDON, E.C.2.

TELEPHONE:
METROPOLITAN 8014 (5 LINES)

C. R. V. COUTTS
MANAGER & ACTUARY

THE PENNSYLVANIA COMPANY

For Insurances on Lives and Granting Annuities

PACKARD BUILDING
S.E. Corner 15th and Chestnut Streets

TRUST AND SAFE DEPOSIT COMPANY

Resources Over	**$257,000,000.00**
Individual Trust Funds	**$839,000,000.00**
Corporate Trusts	**$1,837,000,000.00**

Accounts of Banks, Corporations, Firms and Individuals Invited
Acts as Trustee for Corporate Mortgages

Incorporated
March 10th, 1812

PHILADELPHIA, PA., U.S.A.

Member Federal
Reserve System

THE HIBERNIAN BANK LIMITED

Established 1825

Subscribed Capital, 100,000 Shares of £20 each	**£2,000,000**
Paid-up Capital	**£500,000**
Reserve Fund	**£610,000**
Special Reserve for Contingencies	**£100,000**

Head Office: COLLEGE GREEN, DUBLIN
SEVEN CITY OFFICES and 106 COUNTRY BRANCHES AND SUB-BRANCHES

January, 1932.

LONDON AGENTS: Lloyds Bank Ltd.

A. M. BONNER, LTD.

Established
1884

30 LIME ST. and
LONDON, E.C.3
Tel:
Monument 0794

RUBBER STAMPS

7 BLOMFIELD ST.
LONDON, E.C.2
Tel.:
City 1956

DATING STAMPS,
ENDORSING INKS AND
SELF-INKING PADS

URGENT ORDERS
A Speciality

AUTOMATIC NUMBERING AND
DATING MACHINES, COMPANY
SEALS, GENERAL ENGRAVERS

BANQUE MISR.

Established 1919.

Authorised Capital	L.Eg. 2,000,000
Paid-up Capital	L.Eg. 1,000,000
Reserves	L.Eg. 648,024

Head Office: 151, Rue Emad El Dine, Cairo.
Chairman of Board of Directors: H. E. Ahmed Midhat Yeghen Pasha (ex-Minister).
Vice-Chairman and Managing Director: H. E. M. Talaat Harb Pasha (Senator).
Managing Director: Dr. Fuad Sultan.

The Banque Misr offers a complete banking service with facilities for transacting banking business of every description through its various branches covering all the important agricultural and industrial areas in Egypt and its correspondents abroad.

AFFILIATED BANKS:

Banque Misr-France: 22, 103 Place Vendôme, Rue des Petits Champs, [Paris.
Banque Misr-Syrie-Liban: Beirut.

The following Limited Liability Companies have been created by Banque Misr which has evolved a new and original policy. It neither follows the English method of investing hidden reserves in industrial concerns nor the Continental system whereby the bank exercises a very close control over various industrial companies. The companies under the name Misr are first started in a small way on the personal initiative of directors of the BANQUE MISR and are only floated and shares issued to the general public when they are proved flourishing concerns. From that time they are essentially public companies whose policy, however, is guided on wise and sound principles by the inclusion on their board of directors of the original founders from the BANQUE MISR—men of the widest experience and integrity.

1 Société Misr pour l'Egrénage du Coton.

Authorised Capital	L.Eg. 500,000
Paid-up Capital	L.Eg. 450,000
Reserves	L.Eg. 22,157

Manager: Abdalla Fikry Abaza. Head Office: 151, Rue Emad El Dine, Cairo.
Mills for ginning cotton at various agricultural centres in Egypt.

2 Société Misr pour le Tissage et la Filature du Coton.

Capital .. .. L.Eg. 450,000
Manager: M. Abd El Latif Moharram. Head Office: 151, Rue Emad El Dine, Cairo.
Manufacturers of the best calico, surgical and medicated cotton wool from the finest Egyptian cotton. Samples and rates C.I.F. Alexandria on application.

3 Société Misr pour l'Exportation du Coton.

Capital .. .. L.Eg. 160,000
Managing Director: H. Lindman, Esq. Head Office: Alexandria.
Enquiries solicited.

4 Société Misr pour le Tissage de la Soie.

Capital .. .. L.Eg. 15,000
Manager: Hamed El Lozy. Head Office: 41, Rue Soliman Pasha, Cairo.
Manufactory at Damietta and Dyeing Factory at Helwan.
All grades of silk and silk cloth. Samples and rates on application.

5 Société Misr pour le Lin.

Capital .. .. L.Eg. 45,000
Managing Director: Naguib Sarrouf Bey. Head Office: 151, Rue Emad El Dine, Cairo.
Linen factory, linen goods and cloth.

6 Société Misr pour le Transport et la Navigation.

Capital .. .. L.Eg. 150,000
Managing Director: Abdalla Fikry Abaza. Head Office: 151, Rue Emad El Dine, Cairo.
Transport of goods and crops by the Nile and canals all over Egypt.

7 Société Misr Air-Work.

Capital .. .. L.Eg. 20,000
Managing Director: Mr. I. L. Shand. Head Office: Rue Emad El Dine, Cairo.

8 Société Misr pour le Théâtre et la Cinéma.

Capital .. .. L.Eg. 15,000
Manager: M. A. Sokkar. Head Office: 40, Rue El Dawawine, Cairo.

9 Société Misr pour les Pêcheries.

Capital .. .. L.Eg. 15,000
Managing Director: H. E. M. Talaat Harb Pasha. Head Office: 151, Rue Emad El Dine, Cairo.
Fish from the Nile, Lakes and Red Sea.

10 Société Egyptienne des Pétroles "SEP."

Capital .. .. L.Eg. 100,000
Managing Director: Vittori Giannotti. Head Office: Alexandria B. P. 704.
Best oils, benzine, petroleum and mazot.

11 Imprimerie Misr-Sokkar.

Capital .. .. L. Eg. 100,000
Managing Director: M. A. Sokkar. Head Office: 40, Rue El Dawawine, Cairo.
All works of printing, binding and stationery.

Glyn, Mills & Co.

(Established 1753)

(Registered with unlimited liability, 1885)

Incorporating

CHILD & CO. and HOLT & CO.

(Established before 1600) (Established [illegible])

BANKERS

Army and Air Force Agents, Navy and Prize Agents

EVERY MODERN BANKING FACILITY

42, GRACECHURCH STREET, LONDON, E.C.3

(Temporary Head Office during rebuilding of 67, Lombard Street, E.C.3.)

Managing Partners:
LORD WOLVERTON
LAURENCE CURRIE
LORD HILLINGDON
General the Hon. SIR H. A. LAWRENCE, G.C.B.
Brigadier-General SIR A. MAXWELL, K.C.B., C.M.G., D.S.O.
ERIC GORE BROWNE, D.S.O.
FREDERICK WILLIAM FANE
MARTIN DRUMMOND VESEY HOLT

The Bank is prepared to act as **REGISTRAR** and **TRANSFER AGENT,** being fully equipped with the necessary personnel and machinery for the expeditious and accurate handling of transfers, preparation of share and stock certificates and Dividend Warrants, maintenance of Stock and Share Registers, Registration of probates and Powers of Attorney, and all other duties pertaining to the office of Registrar and Transfer Agent.

***Child & Co.*: 1, FLEET STREET, E.C.4**

Partners:
FREDERICK WILLIAM FANE
SYDNEY ALEXANDER PONSONBY
NEVILLE RANDALL

and

Marygold House, CARFAX, OXFORD

Partners:
Hon. IAN LESLIE MELVILLE.
GUY KEMYEL MOLESWORTH ST. AUBYN

***Holt & Co.*: Kirkland House, WHITEHALL, S.W.1**

Partners:
MARTIN DRUMMOND VESEY HOLT
ARTHUR VAVASOUR BARBER

THE
BANKER

THE BANKER
IS PUBLISHED BY FINANCIAL NEWSPAPER PROPRIETORS LIMITED.

Editorial and Publishing Offices :—
20 BISHOPSGATE, LONDON, E.C.2
Telephone : Avenue 7543

Advertisement Offices :—
6 BOUVERIE ST., LONDON, E.C.4
Telephone : Central 8327.

•

THE ANNUAL SUBSCRIPTION RATES ARE AS FOLLOWS :—
BY POST IN THE UNITED KINGDOM £1 13 0
BY POST TO CANADA..£1 13 0
BY POST ELSEWHERE ABROAD............£1 15 0

•

THE EDITOR WILL BE GLAD TO RECEIVE MS. ARTICLES. THOUGH EVERY CARE WILL BE TAKEN, HE CANNOT HOLD HIMSELF RESPONSIBLE FOR ARTICLES SENT HIM.

•

BRENDAN BRACKEN, EDITOR.
NORMAN CRUMP, ASSISTANT EDITOR.

June 1932. NUMBER 77 ; VOLUME 22.

CONTENTS.

PAGE
Frontispiece : Mr. Charles Lidbury 185
A Banker's Diary 186
International Conference Futilities 191
The Government and Money 193
The Banking Year Abroad 197
Central Banks and Economic Policy 203
The Bank of Portugal Case 210
Appointments and Retirements 219
American Banking Conditions 221
French Banking Conditions 226
German Banking Conditions 233
Bank for International Settlements 237
Canadian Banking Changes 240
International Banking Review 242
Banking Reviews 246
Books 250
Statistical Tables 254
The Year's Banks 260
[*By Professor C. H. Reilly*]

THE BANKER *is published on the First Day of the month.*

BANK GOSPODARSTWA KRAJOWEGO
(NATIONAL ECONOMIC BANK).
JEROZOLIMSKA 1, WARSAW.
Telegraphic Address - - **KRAJOBANK, WARSAW.**

Paid-up Capital : Zl. 150,000,000
Reserve Fund : Zl. 58,192,236
Total of Balance Sheet, as on December 31, 1930
Zl. 2,198,149,498.

19 *Branches in Poland. Correspondents all over the world.*
HANDLING OF BANKING TRANSACTIONS OF EVERY DESCRIPTION

SECURITY

JOHN TANN'S
RELIANCE
SAFE
117 NEWGATE St LONDON

THE SYMBOL OF SECURITY

The sign of a great firm established as long ago as 1795, this Trade Mark has come to signify Security. The policy of the House of John Tann has been first and foremost to produce security work that is really secure—their one aim to frustrate the burglar and the elements. Their success has been complete. From the 18th century to the present day John Tann Fire and Burglar resisting Safes and Strongrooms have never once failed.

JOHN TANN LTD., 117 NEWGATE ST., LONDON, E.C.1

Edward Tann
Founder 1795

JOHN TANN

SAFES & STRONGROOMS

T.B L.

THE BANKER

Vol. XXII June 1932 No. 77

Mr. CHARLES LIDBURY
(Chief General Manager, Westminster Bank)

A Banker's Diary

Mid-April—Mid-May

The Money Market

ALTHOUGH money has at times been rather more usable, particularly at the end of the month and on the occasion of the Treasury bond issue, discount rates have steadily declined. At the end of April, shortly after the reduction of Bank rate from 3½ to 3 per cent., "hot" Treasury bills were quoted at 1¾ per cent., and three months' bank bills at 2—2$\frac{1}{16}$ per cent., but on May 11, just before the reduction of Bank rate to 2½ per cent., "hot" Treasury bills were no higher than 1¾ per cent., and three months' bank bills were as low as 1½ per cent. The reduction in Bank rate to 2½ per cent. on May 12, drove rates down to record low levels, for the average Treasury bill tender rate on May 14 was only 19s. 6·62d. per cent., while over the week-end "hot" Treasury bills were on offer at ⅞ per cent., and three months' bank bills at 1⅛–1¼ per cent.

The Clearing Banks' Policy

IT will be recalled that when last year Bank rate was reduced from 3 to 2½ per cent., the clearing banks made no change either in their London deposit rates or in their minimum rates for loans to the money market. At that time there was some justification for their attitude, for then we were not only still on the gold standard, but were in a somewhat unstable position with the danger—realized a few months later—of substantial withdrawals of foreign funds from London. This year, a totally different position prevails, for the gold standard is suspended, and the problem is not to retain foreign funds already in London, but to check their inflow. Hence there was no justification for maintaining deposit rates, and, indeed, every argument for driving money out of idle bank deposits into productive long-term channels. This was recognized by the clearing banks, for they at once reduced their London deposit rate from 1 to ½ per cent., and their minimum rate for money-market loans from 2 to 1½ per cent. Country deposit rates remain at 2½ per cent., but these equally stood at that level when Bank rate rose to 6 per cent., and London deposit rates to 4 per cent.

At the same time, if the banks are to earn an adequate margin over their outgoings, there is much to be said for an agreed reduction in country deposit rates, say, to 2 per cent. It is doubtful if competition from the building societies is a serious factor, the more so as these institutions are already replete with funds. Possibly more serious competition would come from the Post Office savings bank, though even here the Government might consider whether its rate of 2½ per cent. is necessarily immutable. A final point that should be brought to the notice of the public is that notwithstanding statements to the contrary which have lately appeared in the lay Press, the supposed minimum rate of 5 per cent. on bank advances to customers is in practice no longer generally enforced. Not only the big influential customers, but the majority of small professional and business customers can probably now obtain advances on overdraft at less than 5 per cent., so that the complaint that the joint-stock banks are preventing the recent reductions in Bank rate from reaching the public is largely misconceived.

Deposit and Loan Rates

Early in May the Government revived a pre-war precedent by offering for tender at a minimum price of 97¾, 3 per cent. Treasury bonds, redeemable at par by annual drawings of not less than 10 per cent. of the nominal amount originally issued. At first sight the offer did not appear particularly attractive either to the banks or to the money market, even though the banks at once decided to regard the new bonds as "floaters" up to their usual limit for bonds. The element of luck in their redemption, and therefore in their total yield, made them a more suitable security for insurance companies and other interests, to whom liquidity was not the paramount consideration. Nevertheless, the issue was well supported, for £110,000,000 of bonds were allotted, of which, contrary to the original belief, only a small proportion went to Public Departments. The truth is that money is so abundant and the return upon bills of exchange so small, that bankers and others, who normally would have passed over the offer, were driven

The Treasury Bond Issue

by force of circumstances either to apply for the bonds or else to purchase them in the market after allotment. £64·6 millions of the issue are to be used to provide for the redemption of the 4 per cent. 1931–33 Treasury bonds, notice of which has been given to take place on August 15. The balance of the proceeds will go into the Exchequer, and will not necessarily be devoted to the Exchange Equalization Fund or to any other specific purpose.

The April Clearing Bank Averages

THOUGH the April average deposits of the ten clearing banks record some slight advance over those of the preceding month, the rate of increase has definitely slackened, which points to the fact that by April the influx of foreign funds had been largely checked. The actual figures were £1,680·5 millions for April, against £1,676·4 millions for March, and £1,735·7 millions for April of last year. Cash at £173·3 millions was slightly below the March figure of £174·0 millions, and definitely below the £178·5 millions for April, 1931. Among earning assets there was a big contraction in advances from £902·1 millions in March to £881·0 millions in April, this being partly due to the repayment of bank loans out of the proceeds of new capital issues. To balance this the banks added substantially to their bill portfolios, for discounts rose from £216·8 millions in March to £240·1 millions in April. Comparing April, 1932 with April, 1931, discounts have risen by £29·1 millions, but investments have fallen by £20·9 millions and advances by £59·3 millions.

The Foreign Exchanges

THE Chancellor's declaration that a further appreciation of sterling would be unwelcome and the establishment of the Exchange Equalization Account completely killed the bull speculation in sterling, and in the last week of April the New York rate receded from $3·77 to $3·65¼, while the Paris rate fell from Frs. 95 9⁄16 to Frs. 92⅔. Simultaneously the discount on three months' dollars narrowed from 1½ to ⅞ cents, while three months' forward francs went to a premium over spot of 16 centimes. Subsequently the New York rate again developed weakness, mainly owing to the lack of confidence in

American finances, and as a result rose in early May to $3·69. At this point official intervention took place, and the rate was brought back to $3·67½, while by Whitsun it was as low as $3·65. Three months' dollars, however, moved to a discount of 1½ cents, which indicated the pressure in favour of sterling. Amsterdam was quoted at Whitsun at Fl. 9·01, Brussels at Bel. 26·02, and Zurich at Frs. 18·65, against rates of Fl. 9·27, Bel. 26·81, and Frs. 19·31 respectively in the middle of April, the changes in these rates showing the extent to which the appreciation of the pound has been checked. The Scandinavian currencies have recovered partially from the low rates touched at the time of the April Kreuger revelations, but at Whitsun Stockholm was still quoted at Kr. 19$\frac{9}{16}$, and Oslo at Kr. 19$\frac{15}{16}$. Copenhagen, of course, was hardly affected and stood at very little worse than parity.

Overseas Trade Returns

THE April trade returns recorded a further decline of nearly £8 millions in gross imports, the actual figure being £53·5 millions, against £69·6 millions in April, 1930. Taking the decrease of £16·1 millions during the year, £9·1 millions of it fell within the manufactured goods section, and much of this is clearly attributable to the Abnormal Importation Duties which only expired at the end of the month. Unfortunately, raw material imports have fallen during the year from £15·5 to £13·4 millions, the decline being mainly under the heading of wool. British exports rose between March and April of this year by £3·6 millions, the April 1932 figure being £34·8 millions, against £32·5 millions in April, 1931. The increase is mainly in cotton goods. Allowing for re-exports, the adverse visible trade balance for April last was £14·1 millions, against £30·8 millions in April, 1931. For the first four months of the year, when the figures were disturbed by fiscal changes, the adverse balance was £99·0 millions, against £120·0 millions in the corresponding period of 1931. So far, the Government's tariff policy seems to have justified itself in checking imports without unduly affecting exports, but it remains to be seen what effect it has upon purchasing power abroad, and so upon British export trade ; and this is the real danger-point.

Anglo-South American Bank

ON May 19, the Anglo-South American Bank issued a statement that certain unrealizable assets of the bank, connected with the nitrate industry and amounting to £7,000,000, were being taken over by a group of banks headed by the Bank of England, who were simultaneously relieving the Anglo-South American Bank of an equivalent demand liability. The group is to receive from the Anglo-South American bank its guarantee of this liability, but this will rank as a deferred contingent liability in the bank's books. In many ways this statement is to be welcomed. It shows that this weakness in the bank's accounts has been successfully eliminated, and it puts an end to the many rumours that had been heard that the bank was about to be absorbed by another institution or that a call on the bank's partly-paid shares was impending. This second rumour never had any real substance, as under present conditions, a call would have been largely ineffective, and would also have done considerable harm to the reputation of British banking both at home and abroad. The one doubt left by the news is whether it constitutes a wholly desirable precedent. There are other British banks operating abroad, some of whose assets have become frozen, and there is a limit to the quantity of such assets that can be thus taken over without impairing the liquidity of the whole British banking system. Still the standing and importance of the Anglo-South American Bank is such that it is in every way desirable that even the remotest chance of trouble should be avoided, and so while we think it wise to point out that this operation is not capable of indefinite repetition, we agree that in this case it was in the highest national interest. In any case we are glad that the bank has now been able to scotch unwarrantable rumours which it wholly undeserved.

Institute of Bankers

AT the fifty-fourth Annual General Meeting of the Institute of Bankers, held at 5, Bishopsgate, E.C., on Wednesday, May 18, Brigadier-General Sir Arthur Maxwell, K.C.B., C.M.G., D.S.O., one of the managing partners of Messrs. Glyn, Mills and Company, was re-elected President of the Institute for the coming year. The

Annual Report for the year ended April 30, 1932, and Accounts to December 31, 1931, were submitted and adopted. The result of the Prize Essay Competition on the subject " A review of the probable effects of an Import Tariff upon the standard of living, the Agriculture, and the Commerce of this country," was announced as follows :—1st prize, £30, Mr. C. R. Daniels, Lloyds Bank, Limited, Southampton; 2nd prize, £20, Mr. Fredk. Hale, Imperial Bank of Persia, 33–36, King William Street, E.C.4; 3rd prize, £10, Mr. John W. Briant, Lloyds Bank, Limited, 71, Lombard Street, E.C.3.

International Conference Futilities

AFTER its long postponement, the International Conference at Lausanne is at last due to take place. The terms of reference of the Conference are drawn widely, for reparations is only the principal and most pressing item on the agenda. There is no doubt that the question of Germany's immediate liability ought to be settled at an early stage of the Conference, for if nothing is done, by the end of June she will either have to resume reparations payments, which under present conditions is an absolute impossibility, or else go into formal default. That this or any question at all will be settled at Lausanne, however, has gradually but inexorably come to appear more and more unlikely. The indeterminate result of the French election, with the virtual impossibility of the establishment of a stable French Government in time for the Lausanne Conference, is only the last link in a sequence of events which have minimized Lausanne's chances of success.

This is a hard thing to have to state, for there is no doubt that most of Europe east of the Rhine is staking much if not all upon a successful outcome to the Lausanne Conference—just as the British Empire is staking heavily upon Ottawa, which may equally turn out a broken reed. Yet it is necessary to face the facts, and the salient fact is that these huge international conferences can only have even a remote chance of leading to anything useful if they are dominated by three or four clear-thinking resolute leaders who are agreed upon what ought to be done and how to do it. There is no sign that any such leadership will exist at Lausanne, and so as a matter of common prudence we propose to assume that the Conference proves abortive, and to make constructive suggestions based upon that premise.

There is no doubt that if only the British Government would, it could seize the financial and economic leadership of the world to-day. Alone among the great nations of the world we have recovered our balance after we had seemed irretrievably to have lost it. Our budget is balanced, our banks have escaped the world-wide epidemic of failure, our national credit again stands high, and in London we provide the one centre where money is by common consent safe from loss.

We suggest, therefore, that if and when Lausanne has proved a failure, the British Government should make the following specific declarations :—

(1) That Germany is forgiven such portion of her reparations annuities as are due to the British Empire.

(2) That all war debts due to Great Britain are forgiven to those nations who in their turn forgo their share of reparations payments due from the Central Powers.

(3) That while the British Government makes it clear that it will under present conditions be physically impossible for Great Britain to discharge her own war debts except in so far as they are covered by war debt receipts of her own, it invites the Government of the United States to a reconsideration of the allied questions of war debts, tariffs and monetary policy, to see if it is possible to reach agreed conclusions which will re-establish at least these two countries upon a sound basis.

In issuing such an invitation, the Government should state the facts of the case perfectly plainly, and should leave no scope for any muddle or misunderstanding. The unfortunate impression created in the last week of May, by the casual way in which it was announced, that the British Government had agreed to repay the arrears of the American debt created by the Hoover moratorium, is the latest of many warnings of the way not to handle such matters. In reality this agreement is a consequential detail of the Hoover moratorium itself, and should have been settled last year. It has no connection with current debt and reparations questions, and yet, just because it was announced a fortnight prior to Lausanne, it has been magnified out of all proportion and regarded as an indication of the British Government's new policy on these matters.

Similar blunders must be avoided at all costs, and the British Government must begin by stating its position in unequivocal terms. This position is very simple. To-day the British Exchequer and the British nation has no means of meeting huge non-commercial debts payable in gold. Nor can support be given to schemes for fresh relief to Austria and other distressed powers, and to the resumption of war-debt payments to the United States to the extent that they are unbalanced by receipts from elsewhere. It is no longer a question of what we ought to pay or would like to lend, but simply of what we can pay or lend. Were the United States to try to strain world finances any further in a vain pursuit of war debts in gold, she would only bring them down in final ruin, and seriously undermine the stability of her own leading financial institutions. Knowledge of this may induce the American Government to jettison past pledges and understandings and to insist with us that the formulation of new world financial policy must begin with an acceptance of current facts, however unpalatable they may be.

The Government and Money

UNDER pressure from many quarters, the progressive as distinguished from the purely defensive monetary policy of the British Government is slowly beginning to shape itself. Progress is still far too hesitant and slow, but its lines are beginning to develop, and what is of equal importance, there are signs that both Parliament and public opinion are beginning to fasten upon monetary questions as being the most urgent of those awaiting solution. The budget and finance bills debates were mainly concerned with money—to the partial exclusion even of the tariff and national economy—while even the popular press of all shades of opinion are at last treating monetary policy in the same spirit as they used to discuss the fiscal question in bygone days.

The first forward move by the Government was the establishment of the Exchange Equalization Fund, whose deliberate purpose is to provide a cushion composed partly of sterling and partly of Devisen in order to safeguard the pound from violent fluctuations either way. As rather excessive mystery has been made of this proposal, it is advisable to explain exactly what it means. In brief, the Treasury has taken fresh powers to enable it to borrow money for the purpose of constituting this Fund, and it will exercise those powers just in the same way as it uses its powers to borrow for any other purpose. There is no ground for expecting the Treasury to issue a special loan for this purpose, or even to increase the floating debt. As the Treasury's new powers state, issues will be made to the Exchange Equalization Fund out of the Consolidated Fund, which in turn will be replenished in any convenient manner. All that can be said is that to the extent that the Exchange Equalization Fund is constituted, the National Debt will be that much bigger than it otherwise would have been. Exactly what form any such increase in the National Debt will take is dependent upon a whole host of circumstances unconnected with the Exchange Fund itself.

Some uncertainty also prevails as to whether the Fund will be operated by the Treasury or the Bank of England. Here, again, it is possible to clarify the position. As with other affairs of State in which the Bank of England is also interested, the Treasury will decide and the Bank advise. To use a legal phrase, the Treasury will listen to the Bank's opinion with great respect, but in all matters of major policy the duty of making the final decision will rest with the British Government.

Apart from the question of national policy involved, it is quite clear that no single private institution such as the Bank of England could maintain and operate a fund of this magnitude. Powers are taken to borrow up to a limit of £150,000,000, to which can be added funds of £25,000,000 already in existence. The total banking resources of the Bank of England are only of the order of £135,000,000, and this alone makes it impossible for the Bank to discharge the duty of checking fluctuations in sterling. Moreover, as Mr. Chamberlain warned the House of Commons, if things go wrong abroad, heavy losses may be incurred by the Fund, and we ourselves can see that such losses could run into figures of the order of ten or twenty millions. It is obviously impracticable to ask the Bank to incur even the remote risk of losses of this magnitude, and so the responsibility for the Fund and its risks must rest upon the Exchequer. This makes it clear that the duty of operating the Fund belongs to the Government.

The other debatable point is how far should the extent and composition of the Fund be made public. Here there is much to be said on both sides. It is eminently undesirable that an operation involving the use and possibly the loss of public money should be concealed from Parliament and the public, and central banks throughout the world have been far too prone to secrecy. It is, for example, more than doubtful if even those central banks that purport to publish their holdings of Devisen have ever told the whole story, and it was ignorance as to the size and distribution of the world's supplies of short money that was in part responsible for the growth of the unstable conditions that led to the crisis of last year. On the other hand, the Fund is designed to be used as a weapon of offence against speculators in sterling, and in war surprise is the first principle of attack. It would be calamitous, for example, for it to become known that the Fund was rapidly approaching exhaustion, just as it was the general knowledge of the exact extent to which the credits of last August had been drawn upon which accelerated their exhaustion and the final breakdown. We suggest, therefore, that the Government and its advisers should weigh these conflicting arguments very carefully, but that they should not be bound by past precedent or by a natural desire of bankers to keep their affairs to themselves.

Coming now to the events of early May, it is hardly too much to say that the Government is being gradually driven out into the open. Sir Robert Horne undoubtedly spoke for a representative body of financial and economic opinion when on May 9 he pleaded the need for a definite monetary policy designed to raise the wholesale price-level by 30 per cent., and to give industrialists some definite assurances upon which they could base their plans for the future. A day later, Mr. Churchill carried the argument into the international sphere, for he developed in greater detail a suggestion he had made a few weeks before that an attempt should be made to formulate a joint monetary policy with the United States Government. The Dominions have also declared their intention of raising the question of Imperial Monetary Policy at Ottawa, and in this they have the support of business opinion in this country.

Faced by pressure of this kind the Government have at last begun to express their views in guarded fashion. In his reply to the debate on the Finance Bill, Mr. Chamberlain stated that the Government desired to see a rise in wholesale prices, and, although not to the same extent, a rise in retail prices. They were averse to any further appreciation of the pound, and were hopeful of seeing a period of low Bank rate. This very vague statement was followed a few days later by a reduction of Bank rate to 2½ per cent., and simultaneously London deposit rates were reduced by the clearing banks to ½ per cent.

In reply to Mr. Churchill's suggestion, the Financial Secretary to the Treasury said that if monetary co-operation were initiated by the United States, the Government would welcome such a move. The initial American reaction to Mr. Churchill's proposal was much as might be expected. The United States are prepared to enter into an international monetary discussion provided that the question of war debts is excluded, and that there are no proposals put forward which would involve " high inflation " in the United States. A few days later, the House of Representatives Committee on Coinage, Weights and Measures voted to report a resolution authorizing President Hoover to invite interested countries to join the United States in an international monetary conference, and in answer to a question, Sir John Simon confirmed the welcome to such a proposal previously given by the Financial Secretary.

Thus things are beginning to move, and it remains to see that the movement continues along the right lines. At home the policy of easy money should be continued and extended, and every effort made to restore confidence in the business world by means of economy, debt conversion and the reduction of taxation. It cannot be recalled too often that cheap and abundant money will not by itself revive trade. There is also needed a restoration of confidence in the minds of borrower and lender alike.

In the international sphere, the tentative American invitation should be developed to the point of acceptance, but, as is pointed out on a previous page, the British Government must begin by stating, and making the American Government face the facts. In the Imperial sphere the British Government must be prepared to discuss monetary questions at Ottawa, and must reverse its recent refusal, given in reply to a question in the House, to send suitable advisers to Ottawa. The Dominions mean to raise the question, and in face of their determination, the Home Government cannot continue in its present *non possumus* attitude.

Finally, the Government must be prepared to take the long view. Ottawa and the proposed American monetary conference are in reality converging upon the same distant objective. This is the formulation of a common and progressive monetary policy for all countries who have either joined or are prepared to join the sterling group. If the Government could direct events towards this end, and if they could also couple with it the simultaneous and conterminous establishment of a low tariff group of countries, they would be assisting in a notable contribution to the solution of the world's present grave troubles.

The Banking Year Abroad

A SURVEY of the events and developments in international banking during the past twelve months covers a most interesting period. In fact, most people will agree that it was by far too interesting. It was almost exactly twelve months ago that the world was startled by the report of the difficulties of the Creditanstalt. While the name conveyed little or nothing to the man in the street outside Central Europe, in international banking circles it was realized immediately that the Creditanstalt crisis would become the starting point of an upheaval without precedent.

Subsequent events have proved that these fears did not err on the side of pessimism. The twelve months that followed the Creditanstalt crisis were crowded with banking difficulties in almost every country, and even those few countries which have been spared actual bank failures have had a most anxious time.

How was it that the difficulties of one single banking house, however important, could bring about such far-reaching consequences? After all, the amounts involved, substantial though they were for a country of Austria's size, were small as compared with some bank failures in the United States and elsewhere. Moreover, the Creditanstalt crisis did not culminate in an open failure, for thanks to the Austrian Government's guarantee, and to the agreement of creditors to a two years' moratorium, technical default was avoided. In spite of this, the difficulties of the Creditanstalt brought about a wholesale collapse of banks and currencies all over the world. This was because in the spring of 1931 the international financial atmosphere was full of high tension, and an event which in itself would have been of secondary importance, was sufficient to produce spectacular effects. As a result of the persistent economic depression since the end of 1929 the position of many banks had weakened. In spite of this, confidence in most of them was remarkably well maintained until the fateful month of May, 1931. The Creditanstalt crisis dealt a fatal blow upon confidence, and that house of cards collapsed.

It may well be asked whether the crisis was inevitable. Possibly it might have been avoided by arranging for the reconstruction of the Creditanstalt behind closed doors with the exclusion of publicity. Indeed, it is even doubtful whether a reconstruction was inevitable at that particular moment. As is well known, the crisis was brought to a head by the insistence of one of the directors of the Creditanstalt that assets should be written down to their real value. Praiseworthy as such an attitude may appear in theory, in the circumstances prevailing in 1931 it had no justification. It is indeed impossible to ascertain the real value of any assets of any bank amidst a world crisis, for everything depends upon the course the crisis takes. The American authorities in authorizing the banks to value their securities above market price have duly taken account of realities, and although purists of sound banking and fanatic seekers of truth have criticized them, their policy has certainly saved the United States from disaster. Had the same attitude been adopted in the case of the Creditanstalt, possibly the international banking and currency crisis might have been avoided. An economic recovery would have raised the value of the assets of the Creditanstalt, so that to-day's lie might have become to-morrow's truth.

Fate willed it, however, that the obstinacy of one single individual should provide the spark that resulted in a series of explosions shattering the edifice of international finance to its very foundations. The Creditanstalt crisis was followed by a run on various banks in Central Europe with which the Creditanstalt had close connections. The Hungarian General Credit Bank, and the Banque de Crédit Roumaine met the wholesale withdrawal of funds with the aid of financial support, while in other countries also the authorities had to intervene to assist a number of banks. When an agreement was concluded with the creditors of the Creditanstalt, the storm centre shifted to Germany. Foreign credits were called in, and the Reichsbank lost a large portion of its gold and foreign exchange reserve in supporting the Reichsmark against the effect of these withdrawals. As a result of the losses of some German banks on their commitments in home industries, and of these withdrawals of foreign credits, there was a run of local depositors on several banks. On July 13 the Danatbank had to suspend payment, and the Government introduced restrictions upon payments by all banks. These restrictions were subsequently removed as far as internal payments were concerned, but for external payments a standstill agreement had to be arranged. Although the Government has guaranteed the liabilities of the Danatbank, its suspension has produced immense repercussions all over the world. Banks associated with that institution in Central Europe, the Baltic States and the Near East got into difficulties. The immobilization of credits granted to German banks has provoked a wave of distrust against the creditor banks in various countries, and names which in the past have been regarded as entirely above suspicion were discussed freely.

The prevailing lack of confidence was a principal cause of the next phase of the crisis, namely, the withdrawal of funds from London during the summer of 1931, which culminated in the suspension of the gold standard in September. Most banks felt obliged to increase their liquidity, whatever the cost, and to that end they called in ruthlessly balances with foreign correspondents, and credits to customers. The result of this policy was the accentuation of the economic crisis all over the world. A large number of industrial and commercial firms, sound in themselves, were forced into insolvency, while the liquidation of stocks for the purpose of repaying bank credits has largely contributed towards the accentuation of the fall of prices. This in turn has further increased the losses suffered by banks, so that they had to pay a heavy price for their efforts to increase their liquidity. In many cases these efforts proved illusionary, for even a liquidity of 30 per cent. is no adequate safeguard against a run. It would have been better for everybody concerned if, instead of taking panicky measures, the banks had relied upon co-operation and official assistance in case of emergency. The chances are that in such circumstances the emergency might not have arisen.

The fact that apart from Central Europe the banking crisis was more severe in the United States and France than in any other country shows that the safety of the currency does not necessarily imply the safety of the banking system. In the United States, bank failures attained record figures during the autumn of 1931 both for the number of banks which failed and for the amounts involved. Fortunately none of the leading banks were affected, though most of them have lost large amounts of deposits during the period of hoarding. It is only through relaxing banking regulations, and through the establishment of the Reconstruction Finance Corporation for the support of those requiring assistance that the banking crisis was brought to a conclusion early in 1932. In France a number of banks of considerable importance got into difficulties and had to be supported. Assistance was forthcoming in the case of some of them, such as the Banque Nationale de Crédit and the Banque de l'Union Parisienne, but a number of other banks were allowed to fail. Amongst them were provincial and colonial banks of considerable importance, and private banking firms of old-established reputation. At one time deposits were withdrawn on a large scale even from the leading commercial banks, while the Bank of France itself was under a cloud until legislation was passed indemnifying it against its losses on its sterling balances.

Nor did the smaller countries remain immune from the banking crisis. In Switzerland the Banque de Genève and several other banks of secondary importance failed, but a wave of distrust against the leading banks on account of their heavy commitments in Germany has been quickly allayed. Similarly in Holland the failure of the Amstelbank, which was affiliated with the Creditanstalt, and the difficulties of various banks affiliated with German banks provoked a certain amount of uneasiness, but, in so far as they led to withdrawals, these were easily met. In Denmark there was a run on the Handelsbanken, but the public became reassured when an official statement was made that the bank would be assisted if necessary. In Norway the conscience-stricken boards of two leading banks suspended payment on the ground that the depreciated assets on their banks did not cover liabilities. Before very long, however, arrangements were made for the reopening of these banks. Sweden was not openly affected by the international wave of banking crises until the collapse of the Kreuger group. Even then there was no failure, as the banks involved received official assistance. Countries in south-eastern Europe were less fortunate, as their governments were not always in a position to support their banks in difficulties.

The crisis was by no means confined to Europe and the United States. In Japan the conflict in Manchuria and at Shanghai was followed by a run on a number of banks, though the intervention of the authorities prevented a collapse. In Latin America the number of bank failures was comparatively small, mainly because there the climax was passed before the beginning of the crisis in Europe.

After the turn of the year conditions have decidedly improved. Although isolated bank failures continued to be announced from various parts of the world, the wave of bank failures, which towards the end of 1931 threatened to assume catastrophic dimensions, has subsided. In some countries, such as Italy and Germany, definite arrangements have been made for the relief of the banks. In Italy the leading banks have been relieved with the assistance of the Government of their immobilized assets, thereby removing any fears of difficulties. In Germany an extensive reconstruction scheme has been carried out with the co-operation of the Government and the Reichsbank. A number of banks have been amalgamated, their capital has been written down, and new capital has been provided largely out of official resources. The conclusion of standstill agreements with German, Austrian, Hungarian, and other banks has, in part, consolidated the position. While towards the end of 1931 there was in most countries a tendency to withdraw deposits and hoard notes, during the first few months of 1932 this tendency has been reversed, and hoarded funds were gradually beginning to find their way to the banks. In most countries a spirit of collaboration between banks has developed in face of the grave situation. Although in many cases it came too late to prevent trouble, it certainly contributed towards stopping the destructive process.

It is difficult to make any forecast as to the future developments in international banking. Everything depends upon the course of the economic crisis. As the weak elements have been eliminated in almost every country, any economic revival is bound to be accompanied by an improvement in the banking situation. A great deal depends upon the result of the Lausanne Conference. If a satisfactory agreement is reached on reparations and war debts, the main cause of all troubles would thereby be eliminated, and there is every reason to look forward towards the future. If, however, the Conference fails to produce any satisfactory result, the aggravation of the crisis, or even the prolongation of the period of uncertainty, is bound to react upon the international banking situation.

Central Banks and Economic Policy

IN connection with the general meeting of the Bank for International Settlements it was arranged that four papers should be read to the forty or more representatives of Central Banks who had come together at Basle. The first paper was read by Professor Sprague, on: " Statistical Data on Foreign Short-term Funds: their Collection and Use." Professor Sprague distributed the forms which were utilized in New York and London for collecting from firms engaged in foreign short-term lending regular information concerning the short-term movement of capital and suggested that a similar collection of information might be undertaken by other Central Banks in addition to those which had already done so.

Before the war it was, as a rule, the cheapest market in each country and also the cheapest international market, London, which attracted short-term capital. These markets had developed a variety of businesses which all shared a common characteristic that they offered the possibilities of a perfectly safe employment of the funds employed. Whenever high rates of interest were quoted on a market it might often be taken as a danger signal that such a market should not be financed by short-term capital, but by long-term borrowing. For that reason Professor Sprague declared himself against the idea that equalization of rates of interest might usefully be achieved by the transfer of short-term funds from one market to another. Before the war enterprise was more stable than at present and lenders slowly got a fairly correct opinion of the amount of money which could safely be lent to individual firms. The development of large businesses through the consolidation of a number of individual enterprises complicated the situation, for it is not certain that one large firm, formed by the amalgamation of ten different smaller firms, could safely borrow as much as ten firms had done before. Professor Sprague also referred to recent experiences with regard to the difficulty of judging the exact credit position of enterprises with a complicated credit structure and with many subsidiaries.

Another difficulty at the present time was that firms no longer borrowed from only one credit institution, but obtained short-term capital not only from several institutions, but also from several markets. It seemed necessary to obtain more accurate information about credits, and Professor Sprague suggested that, in conformity with recent developments in the United States, credit bureaux should be established in each market to collect, confidentially, information regarding the amount of credits which were obtained by individual firms.

Furthermore, Professor Sprague emphasized the importance of insisting upon the use of auditing by independent firms of accountants, for even if it would not be safe to lend money merely on the basis of the reports of such auditors, it would anyhow be safer to lend after receiving such a report than on the basis of no independent opinion whatever. Central Banks could certainly exercise a certain influence on their own markets by making them promote developments in useful directions, and the Bank for International Settlements might well form the international body which assisted in the work.

It was found that there were to-day greater obstacles in the way of a prompt liquidation of weak positions than formerly, and it was practically certain that this unwillingness of the markets to adapt themselves tended to prolong the depression. It then became more important than ever that in a period of prosperity, credit institutions should show more foresight in the investment of capital and the lending of funds, and Professor Sprague believed that action along the lines he had indicated might to some extent provide a safeguard against unwise investing and thus indirectly an assurance against such acute depression as we have lately experienced.

The President of the National Bank of Austria, Dr. Kienböck, read a paper on : " The Working of Foreign Exchange Restrictions and their Influence on General Economic Conditions." Dr. Kienböck said that foreign exchange restrictions always depend upon a distrust in the national currency, which might be caused by a deficiency in the balance of payments and also by a series of other circumstances. When such a distrust is apparent, ordinary methods of credit restriction should first of all be employed to protect the currency, but when flight of capital sets in and speculation begins to accentuate the movement it is necessary to introduce foreign exchange control.

After a discussion of the working of such control, Dr. Kienböck pointed out that as soon as the supply of foreign exchange began to run short, the Central Bank or some Government institution would be compelled to give out foreign exchange for certain purposes only; exchange control then became a characteristic element of economic policy under which foreign exchange was allotted for the payment of imports of vital necessity. The carrying out of such control became much more difficult when the currency was under-valued in foreign markets, for then the exporter could obviously obtain an export premium if he could sell his exchange outside the Central Bank, and consequently less exchange would flow to the bank, whilst importers who received foreign exchange from the Central Bank would, on the other hand, be in a more favourable position than those who were unable to obtain exchange by the rate fixed by the Central Bank.

Dr. Kienböck dealt particularly with such clearing arrangements as had been made between Central Banks in order to maintain trade. In spite of all the obstacles which the negotiations encountered, it might be true that trade was somewhat fostered by these clearing arrangements, but Dr. Kienböck also laid stress upon the disadvantages to which they inevitably give rise. When in the open market the currency of one country was weaker than that of another country, it would be advantageous for traders to avoid the clearing and sell directly; therefore the only way of really making clearing arrangements work would be that possibilities were given to the weaker country to increase its exports to the stronger country. Clearing arrangements had also other disadvantages in that they made it more difficult for countries to make a distinction between imports of more or less vital commodities.

Dr. Kienböck gave some figures regarding the operation of the Austrian exchange control. The foreign exchange holdings of the National Bank of Austria had been reduced fairly rapidly mainly for the repayment of foreign short-term debts. It was shown that the exchange restrictions had led to a further reduction of commerce between nations. These restrictions represented police measures, which had been found necessary in a period of capital flight and withdrawals of credits, and only a return of confidence could make it possible to abolish them—but the return of confidence was dependent upon a solution of what were the greatest problems of the age.

The President of the National Bank of Holland, Dr. Trip, spoke on : " Basic Problems which should be Studied by the B.I.S. in connection with the Re-establishment of Monetary Stability." Dr. Trip was of the opinion that the Bank for International Settlements should be called upon from many sides to take a share in what will be the world's second effort at monetary reconstruction after the Great War. It seemed to him of paramount importance that Central Banks, members of the Bank for International Settlements, should try at an early date to arrive at a common understanding on certain points. For his own part he thought it beyond doubt that the gold standard would still allow the world to attain a reasonable degree of monetary stability, but he laid stress upon the fact that an improvement in political and financial conditions generally was essential for the maintenance of that standard on an international scale and the question would naturally arise as to what could be done in order to make the system work in a more satisfactory manner than had been the case recently. Certain changes in the mechanism of the gold standard had come into being, partly as the result of circumstances and partly as the result of voluntary policy. Gold coins had practically disappeared from circulation and it was necessary to consider whether it would be advisable again to give gold coins to the public. Dr. Trip expressed the opinion that the concentration of all the gold in the hands of the Central Banks was on the whole an advantageous development, which should be applauded.

More difficult was the question whether Central Banks should still apply the policy of exchange management as was highly recommended by the Genoa Conference held in 1922. Some of the advantages of such a policy were obvious. It meant a possible further economy in the use of gold. It reduced the number of gold movements and thus led to some saving in the cost of transport, insurance, etc. It increased the earning power of Central Banks, and it often enabled them to act more directly and quickly on the foreign exchanges than by releasing gold for export. On the other hand, the exchange management often disturbed the foreign markets in which the foreign assets were kept when funds were suddenly transferred from one centre to another. They also tended to complicate the mechanism of the international gold standard, for they often distorted the reciprocal effect of the transference of Central Bank investments. It was also possible that they could have an inflationary tendency. After reviewing the arguments, Dr. Trip came to the conclusion that the policy of exchange management could be continued, but that it was then necessary to take some measures in order to safeguard against the disadvantages of the system. A very important step in the right direction would be accomplished if those Central Banks who wished to continue the policy of exchange management could see their way to concentrating their foreign assets wholly at the other Central Banks, or preferably with the Bank for International Settlements. It would also be advisable to introduce safeguards against losses which Central Banks might incur as the result of the abolition of the gold standard or of a sudden alteration in the gold value of the currencies of the countries in which the foreign reserve balances were held, but such an arrangement, in order to be really satisfactory, should be more than just an arrangement between Central Banks, on the one hand, and the Bank for International Settlements on the other. In the opinion of Dr. Trip the Governments of the countries concerned should enter into these arrangements, at least by sanctioning them.

On the much-discussed subject of open-market operations which represent a comparatively novel departure in Central Bank policy, Dr. Trip said that so far relatively little experience of these operations had been gained. He was in favour of an open-market operation policy, but he could not recommend open-market operations as a substitute for bank rate policy or if they tended to neutralize the effects of gold imports and exports.

Dr. Trip emphasized that what he had said was merely an endeavour to draw attention to the urgent necessity of a careful study by the Bank for International Settlements of the monetary problems by which the world was faced. The strengthening of the position of Central Banks and therefore their influence on the economic and financial development of their respective markets, might perhaps render it possible to realize an achievement which for the present seemed only theoretical and illusory.

Professor Rist, who had promised to speak on the subject of: " The Movement of Prices and the Working of the Gold Standard," was, unfortunately, unable to attend, but his paper was read to the meeting.

He said that the price-level which obtained in 1929 could not be considered as normal, but was at the same time accidental and artificial. In a review of the development after the war, Professor Rist showed that up to the year 1925 the U.S.A. was practically the only country in the world on the gold standard and therefore received most of the new gold produced, which tended to maintain a comparatively high price-level in the U.S.A. When, later, a number of European countries were able to re-establish the gold standard, they demanded their share of the new gold production. It was a historic parallel to the period after 1873, when Germany, the Scandinavian countries and, later, France and the Latin Union one after the other adopted the gold standard. Then there was a prolonged decline in prices, particularly as the gold holdings of one Central Bank could hardly increase except at the cost of some other Central Bank. In the opinion of Professor Rist, the price-level since 1925 has developed in conformity with the normal rule, according to which, in the absence of a large output of gold creating new purchasing power, an increasing production necessarily entails a more or less marked depression in prices.

Professor Rist found nothing astonishing in the fact that the fall in prices since 1925 had not been as heavy as, but heavier than, it was after 1873. The production of goods in the world and particularly in the U.S.A., had increased at an unusually quick rate, and the monetary income of the various stabilized countries had, on the contrary, shown a very slight increase only.

When Great Britain linked on to gold at the old par rate in 1925, internal prices were too high to maintain a state of equilibrium at that rate, and subsequent developments showed that a reduction of wages and profits in Great Britain had to come, which meant a tendency to reduce the monetary purchasing power in that country. France, on the other hand, stabilized at a rate which certainly was lower than that which could have been adopted on the basis of the purchasing power of the French franc. French incomes afterwards rose slowly, but only until French prices had risen to the level of world prices, and from that period there has been no tendency for monetary incomes in France to increase.

The price index in the U.S.A. showed a substantial decline during 1925 and 1926, but an unexpected recovery was found from 1927 to 1929. In the opinion of Professor Rist the fall in prices should normally have continued in 1927; if there had been no undue expansion of credit in the U.S.A., the level of prices which that country should have reached in 1929 should have been expressed not by an index figure of 98, but by a figure probably in the neighbourhood of 80.

On the basis of the analysis which Professor Rist had made, he found very little justification for a policy based on the necessity for returning to the price-level of 1929. In all circumstances it would be difficult by the expansion of credit to bring about a recovery of prices to the extent of 30 to 35 per cent. It would be of importance if the future were to achieve a rise of 10, 15 or 20 per cent. in relation to present prices, but an increase of that kind would only constitute a momentary respite in the general downward trend of prices, which seems to be an inevitable consequence of economic evolution to-day. The expansion of production and the spread of machinery were powerful factors towards a fall in prices. Since 1895 the world has lost the habit of those long periods of decline which in the past were often characteristic features of economic history. The fall of prices obviously implied a definite loss of savings in the course of recent years, but once these losses had been written off there was nothing to prevent the economic system from adjusting itself to a fall in prices, as it had done in other similar periods.

The Bank of Portugal Case

The Final Stage

By our Legal Correspondent

THE last stage of the case of *The Banco de Portugal* v. *Waterlow and Sons, Ltd.*, has resulted in the House of Lords, by a majority of three to two, deciding in favour of the bank and fixing the damages at a higher figure than that settled by the trial judge. The issues involved in the case are familiar to our readers by reason of the careful analysis we have attempted, from time to time, of the judgments in the Courts below. It has to be remembered that the dispute as to liability ended at the hearing before Mr. Justice Wright (now Lord Wright) in the court of first instance. The appeals to the Court of Appeal and from them to the House of Lords were referable solely to damages and the appropriate measure to be applied. In each court the problem has been treated as by no means easy. Few questions can be more perplexing than the measure of damages, once breach of contract is admitted or proved. This case was one of so peculiar and unique a nature as to tax the ingenuity of all the judges who encountered it. And at the end of the tale it appears that the trial judge was in the main right as to the principles he applied. But this result is not unanimous. Indeed, the ultimate tribunal, the House of Lords, reached its conclusion only by a majority of votes.

The case is of such great interest that our readers will, we trust, forgive a brief reminder of the leading facts. Messrs. Waterlow and Sons, Ltd., were, by the fraud of a third party, induced to print a quantity of 500 escudos (about £5) bank notes from the plates made to the bank's specification and thinking that they were printing them on the bank's authority. These false notes were by the fraudulent conspiracy put into circulation. As a result of this flooding of false notes the bank, which was the national bank of Portugal, was compelled to withdraw all notes of that issue from circulation and to honour all that were presented—a step necessary to preserve the national credit and currency. The notice of withdrawal took effect from December 7, 1925, and the time-limit of the exchange of notes was fixed for December 26, 1925. The notes were not convertible into gold, nor likely to be so, for some indefinite time. Hence, granted the unwitting breach of contract committed by Waterlow and Sons, Ltd., what were the damages? The bank throughout claimed the full face value of the notes issued during the period fixed by the Government of Portugal, i.e. between December 7 and 26, 1925. In the course of the trial it was agreed that the bank had recovered from the conspirators' assets a sum of £488,430. This had to be deducted from the total loss, if computed on the exchange value basis of the notes. The other extreme view taken by counsel for Waterlow and Sons, Ltd., was that the only loss the bank could prove on the contractual basis was the cost of printing the new good notes to replace the false ones.

Without repeating in detail the statement of the legal propositions involved in this costly and exciting piece of litigation, let us say that on this question of damages all the judges professed to answer the question which the law in every such case puts. It is contained in the well-known leading case of *Hadley* v. *Baxendale* (1854) and has been repeatedly acted upon ever since. The Lord Chancellor in his judgment, as have other judges, and the writer of these notes, cited it as laid down by Baron Alderson in that case:

> We think the proper rule in such a case as the present is this: Where two parties have made a contract which one of them has broken the damages which the other party ought to receive in respect of such breach of contract should be such as may fairly and reasonably be considered arising naturally, i.e. according to the usual course of things, from such breach of contract itself, or such as may reasonably be supposed to have been in the contemplation of both parties at the time they made the contract, as the probable result of the breach of it.

Before dealing in detail with the reasoned judgments of the House of Lords, and referring our readers to our previous issues analysing the judgments in the Courts below, we offer an analysis of the differing answers to the proper application of the above test to the peculiar facts of the Waterlow case. This analysis shows, as is not unusual, a wide divergence of judicial opinion.

(1) Mr. Justice Wright (the trial judge and now Lord

Wright) held the bank entitled to claim a loss measured by the exchange value of the notes, but minimized not merely by the £488,430 recovered from the conspirators but by an additional £80,000 which he computed as the loss after December 16, at which date he found that the bank could by reasonable means have been enabled to distinguish good notes from false notes and so minimized the damages. His judgment, therefore, with these deductions, was for £569,421.

(2) In the Court of Appeal two out of three of the Lords Justices (Greer and Slesser, L.JJ.) fixed the date at which the bank ought to have minimized its damages at December 10, and on that basis reduced the damages to the round figure of £300,000. They accepted, therefore, the exchange value of the notes as a proper basis, but varied the judgment of the trial judge by a greater deduction on the ground of minimizing damage. The third member of the Court, Lord Justice Scrutton, dissented and disagreed with his colleagues on all points. First, he regarded any loss that was proved recoverable up to the date of December 26, the last day fixed for exchange, but he held that the only loss proved by the bank was the cost of printing notes to replace the genuine notes with which they had parted, and that he estimated at a sum of £8,922. This, by a majority, meant a judgment against Messrs. Waterlow and Sons for £300,000. Here was an obvious *via media*. The damages were halved. But Messrs. Waterlows were not content with such a result, and appealed to the House of Lords, persisting in their claim that only printing of notes by way of paper replacement was the proved damage suffered by the bank. Naturally the bank cross-appealed and asked a total sum of £610,392, i.e. full note value less the amount recovered from the conspirators, .or, in the alternative, they asked for a restitution of Mr. Justice Wright's judgment for £569,421.

(3) By a majority the House of Lords have increased the damages to the full £610,392, claimed on the cross-appeal of the bank, and have given the bank costs in the House of Lords and in both Courts below. The costs alone must be in the region of £100,000, and as events have turned out Messrs. Waterlows would have been better off by accepting the Court of Appeal compromise.

It is easy to be wise after the event, and it is noteworthy that the appeal disclosed that two of the Law Lords agreed with Lord Justice Scrutton that a sum for printing replacement notes was all the damage claimable.

Lord Warrington of Clyffe and Lord Russell of Killowen (both Chancery judges) were the minority in the House of Lords, and they agreed with Lord Justice Scrutton's view. The Lord Chancellor, Lord Atkin and Lord Macmillan (Common Law judges), the majority, only disagreed with Mr. Justice Wright and the majority of the Court of Appeal in reducing the damages as from any earlier date than December 26, the end of the period of exchange. The trial judge had taken December 10, the Court of Appeal judgment December 16, the House of Lords December 26. On this last basis the full amount of £610,392 was awarded.

On the main point of calculating the damages on exchange value of the notes or upon mere replacement value, i.e. cost of printing new notes, six judges (three Law Lords, two Lords Justices and the trial judge) have decided on the former view; three judges (two Law Lords and one Lord Justice) on the latter view. So that on this main question there has been a decided preponderance of judicial opinion in favour of the issuing bank, *after issue of its notes*, being entitled to treat them as of full exchange value, notwithstanding their inconvertibility. As against this preponderance of judicial opinion there are yet many laymen versed in City matters, not excluding some bankers, who hold as a matter of business the minority view. It is not purely a matter of law but mixed fact and law. No one differs as to the legal proposition cited above, but the case raises a curious question as to its application to the facts of an exceptional case. Since, however, there is, we believe, a strong opinion that the majority judgment is wrong in its appreciation of the practical financial aspect of the case, it is of considerable interest to find one of the Law Lords, Lord Atkin, devoting his judgment to a detailed exposition of the reasoning applicable. The Lord Chancellor's judgment has been fairly fully reported, as were the dissentient judgments of Lord Warrington and Lord Justice Scrutton. But so far as we have been able to ascertain, the most exact and complete statement of the position of the majority view came from Lord Atkin, who both at the Bar and on the Bench has had a distinguished record in commercial law and practice. So interesting and complete is this judgment in its exposition of the final result of the case that we can best serve the interests of our readers by reproducing it verbatim from the official records of the House of Lords :

> In this case your Lordships are, I think, agreed that as the result of the breach of contract by Messrs. Waterlow, the Bank of Portugal issued 209,718 500 escudo notes in exchange for forged notes innocently printed by the Defendants. The question is what damages can be recovered by the Bank. The contention of Messrs. Waterlow is that the Bank, when it issued good notes to the face value of over 100 million escudos in return for no consideration, suffered no damage at all except the cost of printing the good notes. This would have appeared to me a departure from the ordinary principles of assessing damages; but it has found favour with more than one judicial personage for whose opinions I have unfeigned respect, and was urged with much apparent zeal by eminent counsel: so that obviously it demands careful examination. The difficulty, it appears, only arises where the person issuing the notes is a Bank of issue and where the obligation expressed in the note is not to pay in gold but to pay in paper currency, i.e. other notes of the Bank. In such cases it is said the Bank have only parted with bits of paper and their damage is completely measured by the cost of reprinting the bits of paper. The argument strikes home at the present time where our currency is in the main a paper currency: and where the Bank of England are under no liability to pay their notes in gold. I hope to satisfy your Lordships that if the Bank of England by fraud or breach of contract are induced to issue a million pounds worth of notes for nothing they are entitled to recover against the wrongdoer a million pounds in damages. The result of the present contention is sufficiently striking. If the issue of $10,000 good notes by the Bank of Portugal for nothing involves them in no loss, it would seem to result that the issue of a similar amount for goods or obligations of an equivalent value would be complete gain. The Bank, therefore, when it creates a good debt for $10,000 by advancing that amount in notes to its customer will appear to have increased its assets by $10,000 without adding to its liabilities; similarly, when with the same sum it buys a £100 gold bond or the equivalent amount of bullion. It follows that it makes no difference to the financial position of the bank whether in exchange for a good note it receives a good note or a bad note. I should have thought this result, in the language of one of your Lordships "manifestly impossible": but rules of law have to be tested in these days, and must survive the application of first principles.
>
> A Bank note is a promissory note issued by a Bank payable on demand. The English note contains the promise on the face. The

Portuguese note does not, but there is competent evidence in this case that the note has the same effect. So far the banker issuing his note incurs precisely the same liability as a merchant issuing his note. If either fails to pay he is liable for the face value of the note. One Bank becomes alone entitled to issue notes; and let us assume that they have become currency so that they can be tendered in discharge of a debt: the position of the Bank remains the same. It is liable on its note. If its note is payable in gold, then to a claim on a note the Bank must pay in gold: otherwise on debts in general the Bank as well as private traders will pay in currency: and, as I have said, on default will be liable to judgment for the face value. In any civilized State it will not be permitted to issue notes to an unlimited amount: it will, if honestly conducted, in any case determine its obligations by its possible resources: but the State will require that behind the promises to pay there stand solid resources in the form of gold and liquid securities: and will impose a positive restriction on the issue of notes beyond an amount which it considers necessary. But this has no bearing on the liability of the Bank to pay the face value of a note when issued. Now let us assume that the State alters the law by decreeing that the Bank notes need no longer be paid in gold. While that decree lasts the notes are inconvertible, the currency is in the ordinary sense a paper currency. This happened in Portugal in 1891 by a moratorium directed to payment in gold which has been continued in Portugal ever since. The position has not altered. The merchant is in precisely the same position as before: he must pay in currency which will as before be notes but now inconvertible notes. If he fails to pay he can be sued for the face value of his promissory note. The Bank is for the first time put in the same position as the merchant: it is bound to pay on its note: but it need only pay its note in currency, i.e. in its own notes: and if it will not or cannot so pay, it can be sued for the face value of the note. Mr. Simonds for Messrs. Waterlow produced an analysis of the obligation of the Bank in issuing an inconvertible note with which in substance I agree. It is 1. to pay in other notes, 2. when there is a return to gold to pay in the decreed amount of gold, 3. if other currency is decreed to pay in that other currency. But how this helps him it is difficult to see: for on examination it will be found that the obligation of a trader on his note is precisely the same, except that 2. will probably only be to pay in notes convertible into gold instead of paying in gold itself. Now in the case of a private trader it appears to be conceded that his loss in similar circumstances would be measured by face value. On this analysis the obligation of the Bank would appear to be the same. That it meets its obligation on its note by issuing a further note seems to have no effect upon the nature or amount of the original obligation: the original obligation is met by a renewal, the Bank have only gained time, not increased or decreased an obligation which would be measured just as before. They have in fact done exactly what the merchant has done; they have paid in currency; and their obligation is measured in the same way. If they had an unrestricted right of issuing notes their obligation would not be altered; they would still be liable to be sued on default for the face value of the note, but the effect of the unrestricted power would presumably be that the face value of the note would have a much lower exchange value than if there were a restricted power: so that the Bank would either have received little value originally or the holder of the note would intermediately have suffered loss on the diminution of the note value. But in fact in the ordinary course of civilized government, as in Portugal, restrictions still continue. In the present case in 1925 the issue of notes by the Bank for commercial purposes was restricted to $195,000,000, of which they had issued $64,000,000, leaving a power to issue of $131,000,000. In addition, the State from time to time had authorized the Bank to issue notes for State purposes, supporting these notes by a borrowing from the Bank secured by State marketable bonds. Restrictions as to proportions of gold and securities reserves still continued in existence so far at any rate as the issue for commercial purposes was concerned. Let us assume, as might well have happened, that the forged issue instead of amounting to $100,000,000 had amounted to $131,000,000. If the Bank had taken the same action they would have issued promissory notes to the full extent of their legal power. When sued on the notes so issued in exchange for the forged notes they could not have issued their notes in payment; they could have been sued for $131,000,000 and judgment must have gone against them for that sum. Of course, this never would have been permitted by the State, but *ex post facto* relief has nothing to do with the question of legal obligation. I therefore find the position to be that the Bank by issuing its note like the trader issues its promise to pay a fixed sum; issues a bit of its credit to that amount; like the trader, it is bound to pay the face value in currency; like the trader, it is liable on default to judgment for the face value exigible out of its assets; and, like the trader, if it is compelled by the wrong of another to incur that liability, its damages are measured by the liability it has incurred.

It may be noted that this liability to pay the face value is not in the least affected, as has been suggested, by the question of convertibility. Whether the obligation is to pay in gold or in paper, the liability remains the same to pay 500 escudos, and a judgment on the note would be for precisely the same sum. The exchange value and the face value are quite different matters. 500 escudos in gold will exchange for many more goods and much more foreign currency than 500 escudos in paper; as Messrs. Waterlows would have found to their cost, if they had printed these notes when they were convertible into gold. The damages then claimed would have been twenty million pounds sterling instead of a million. Another way of illustrating the position seems to be this. If a person is wrongfully induced to part with a valuable thing, whether it be goods or choses in action, his measure of damages is the value of the thing at the time he parted with it. The cost of replacement does not enter into the measure of damages at all. If a man is fraudulently induced to part with 500 standards of timber he recovers the value at the time; it is quite immaterial that he could have replaced the timber, say, from the Russian market, at a small portion of the value. If he manufactures for 1d. articles which can sell for 6d., the measure of damages against the wrongdoer is 6d. not 1d. So if he was by fraud induced to promise to deliver 500 of the 6d. articles so that the contract could be enforced by an innocent holder of the contract it appears to me that on well-established authority the damages would be £12 10s., not £2 1s. 8d. This means that whether he parts with goods or parts with an obligation, the measure of damages is the market value of what he parts with, which means what it will exchange for; and this necessarily means in the case of an obligation expressed in currency of the country the face value of the obligation. If he incurs an obligation to pay pounds sterling, you do not inquire at what cost he will acquire the pounds sterling necessary to fulfil the obligation; he may get them by getting some one to produce an article at much less cost which he can sell for the equivalent sterling; he may get them from a benevolent uncle or from someone who for a small premium has undertaken to make good his loss. Whatever the liability incurred, the measure of damages is market value, which in the case of an obligation to pay currency is face value. Some confusion has been introduced into the discussion by considering the question as though the Bank had " lost " the bank notes. If the notes had been " lost " before the Bank had made them the Bank's contractual obligation by delivery the proposition of the Defendants would be correct. The notes in such a case are nothing but a collection of bill stamps completed but not delivered; to destroy them would but have the same result as burning a man's cheque-book whether the cheques were filled up and signed or not. I doubt myself whether Reason 16 of the Bank's case ever meant to contend anything so unsound as is suggested; it was probably meant to be read together with the rest of the reasons. But I am quite satisfied that such a fallacy never entered into the head of such an experienced lawyer as Wright, J. Throughout his judgment he is speaking of the liability of the Bank on the notes, and he finishes his judgment on this point by these words: " They say they were damaged by having to assume liability on these notes without getting anything in return. I think this argument is correct, and I think these notes must be taken for this purpose at their face value just as they would be if they had been issued by some other institution that is not a bank of issue." I have already stated my grounds for believing this statement to be correct. For my part I cannot see the way to decide this case for Messrs. Waterlow without reversing a number of authorities which have governed our commercial law as I understand it from earliest times.

There is one final and conclusive proof of the fallacy of the Defendants' contention to which I have not yet heard any answer. By issuing a note the Bank provide the holder of it with a piece of currency which he can bring to the bank the next day and compel the bank to receive in discharge of his overdraft or in payment under a contract to buy securities or bullion. By issuing 100 million escudos in notes they provide the public with the means of coming to the bank and depriving it of 100 millions' worth of assets in debts, securities and gold. I say debts, for even Messrs. Waterlow's contention does not suggest that a debt payable in paper currency is worth nothing, or that if the debtor is solvent it is not worth its face value. If the bank releases a debt of 500 escudos it loses 500 escudos. If it parts with 500 escudos' worth of gold it loses 500 escudos: but if it issues for nothing a 500 escudo note to-day by the return of which to-morrow the debt of 500 escudos is discharged or the 500 escudos' worth of gold is bought and paid for it loses nothing. I refuse to proclaim to business men in this country or abroad that our law is so unreasonable. It is with respect no answer to say that when the note is returned it can be used again for value. In fact, strictly speaking, it is not available: the note when returned is discharged, and the reissue of it creates a fresh obligation: but the answer to that suggestion is that notes issued for value can also, when returned, be reissued: so that the contention again amounts to this, that — note + value = — note, a proposition which I do not wish to qualify with an epithet.

On the general question as to the number of notes in respect of which damages are to be claimed, which turns upon the day upon which it could be said that the bank no longer reasonably could continue to pay good notes for bad, I agree entirely with the view expressed by Scrutton, L.J. I put the question in that form, for it was conceded at the bar that at any rate there were some days at the beginning in which the bank's action was reasonable and was the natural result of the Defendants' default. Without such a concession I think the views expressed by all the judges below correct on this point. The majority of the Court of Appeal limited the damages by fixing on December 10th as the day upon which the Bank could have obtained full information if they had acted reasonably. I cannot agree with this. It seems to me disproved by the fact that Messrs. Waterlow, though on December 9th they had reason to suspect the Marang transaction, did not in fact give the necessary information on that day or the 10th, though they were in fact writing to the Bank on that day; in fact, they never imparted the relevant information at all except in a deposition to the Police Magistrate. I also think that the trial judge, with whose admirable judgment I agree on almost every other point, took too early a date for closing the transaction. It seems to me that once the exchange began it had to continue until the end of the period fixed by the Bank in conjunction with the Government, which is December 26th. On the whole I think that notes exchanged after that date must be treated as benevolences by the Bank.

It only remains to consider how far the damages are to be reduced by the sum recovered from the actual conspirators, a sum of about £400,000. Mr. Justice Wright has apportioned this sum over the total loss of the bank, thus reducing proportionately so much of the total loss as has been recovered from Messrs. Waterlow. This seems to me to be incorrect in principle. The Bank's claim against Messrs. Waterlow would be say £1,000,000, but they cannot recover more from the Defendants than their nett total loss. This is to be ascertained by taking the total amount of their loss, not merely that part of it which is recoverable from Messrs. Waterlow, and deducting from the total the amount recovered elsewhere. This is the principle laid down in the Blackcock 1900, P. 1, where a ship was injured by the negligence of both tug and tow. The owners recovered judgment for the full amount of the damage from the tow, but only obtained a sum of £850 from the proceeds of the judgment: they then proceeded against the tug and it was found that both were to blame; the Plaintiffs therefore were only entitled to half their damage, about £2000. But it was held that the Defendant was not entitled to credit for either the whole or a proportionate part of the £850, for the two sums together did not make up the total loss. The decision seems to fit this case exactly and I think is rightly decided.

The result is that the Bank's total loss on 209,718 false escudo notes paid by the Bank at the agreed rate of exchange is	£1,092,281
To this must be added the cost of the genuine notes printed by Waterlows and rendered valueless ..	6,541
	1,098,822
The total amount recovered from the conspirators is agreed at	488,430
The Bank's nett loss is therefore	£610,392

The actual notes paid up to December 26th exceed 200,000, so that the total claim against the Defendants without any credit far exceeds £610,392. The result is, after being given credit against the total loss suffered by the Bank, the Plaintiffs are entitled to judgment for £610,392. In my opinion, therefore, the appeal of the Bank should be allowed, and the judgment of the Court of Appeal should be set aside, the judgment directed by Mr. Justice Wright to be entered for the Plaintiffs should be varied by increasing the sum there mentioned to £610,392, and the Plaintiffs should have the costs here and in both courts below. The appeal of the Defendants should be dismissed with costs here and in the Court of Appeal.

Appointments and Retirements

Lloyds Bank

Mr. L. G. Dorey, who has recently been appointed Manager at Cambridge, was born in 1883 and educated in Jersey. His first appointment was in 1898, when he joined the staff of the Capital and Counties Bank in Jersey. In 1910 he was moved to the Oxford Street branch, and a year later to the Advance Department at Head Office. In 1913 he became Manager of the Fore

Street branch, and eight years later, after the bank had been amalgamated with Lloyds Bank, he was appointed Manager of the Ipswich branch of the latter bank. On February 1, 1932, be became Advance Controller at Head Office, and has now been appointed Manager at Cambridge. He is a Fellow of the Institute of Bankers, passing Part I in 1906 and Part II in 1907. Apart from bank activities he has held a number of Treasurerships both at Ipswich and elsewhere. During the war he joined the Artillery as a Gunner, was commissioned in 1917, and till the end of the war served as Captain and Adjutant of the R.G.A. Belfast Defences.

Mr. K. Jutsum, who was Manager at Worcester, has been appointed an Advance Department Controller at Head Office. He was born in 1879 and educated privately. His first appointment was to the staff of Fox, Fowler & Co. at Ilfracombe in 1897. Six years later he was moved to Lynton, and in 1911 to Taunton; from there he moved to Barnstaple in 1915, and while he was there the bank was amalgamated with Lloyds Bank. In 1927 he became Manager at Worcester, which position he vacates to take up his present post.

Williams Deacon's Bank

It was with much regret that we have learnt of the death of Mr. John J. Meagher, whose retirement as Manager of the London Office was announced in our December issue. He had been in ill-health since November.

Mr. J. G. Meagher has recently been appointed Manager at Westminster. Born in 1885, he was educated at Mount St. Mary's College, Chesterfield, and King's College, London. He first entered the bank's service in 1903 at the Westminster branch, where he has remained up to the present time. He took the Final Examination of the Institute of Bankers in 1922, and was eleventh on the list, with distinction in Banking and Geography. During the war he was rejected for service overseas, but served two years in England with the Royal Engineers Signal Service (now Royal Corps of Signals).

Mr. Ralph Wilk has been appointed Manager at Urmston and Flixton, near Manchester. He was born in 1893 and educated at Lymm Grammar School. He first entered the bank's service in 1910 at Rusholme, and two years later moved to Streatham Hill. In 1913 he was appointed to the staff at Hulme, which he left in 1914 owing to the war. On his return he served for a year at Altrincham and four years at Chorley, being appointed Manager of the Long Eaton branch in 1923. During the war he served with the Machine Gun Section of the King's (Liverpool) Regiment from 1914 until April 1917, surviving both the first and second Battles of the Somme, and being severely wounded in October, 1916. While he was at Long Eaton he was Treasurer of the Long Eaton Chamber of Trade.

Mr. J. B. Walmsley has been appointed Manager at Formby. Born in 1895 and educated at Queen Elizabeth's Grammar School, Blackburn, he first entered the bank's service in 1914 at Bolton. He was subsequently on the staff at the branches at Blackburn, Preston, Bolton, and Horwich End, Derbyshire. He became a Certified Associate of the Institute of Bankers in 1923. During the war he served as Lieutenant in the 4th East Lancs Regiment, and was wounded in 1918.

American Banking Conditions

By a Correspondent

DURING April and the early part of May the American banking community found itself contending with two powerful but contradictory impulses. On the one hand, an aggressive policy of credit expansion undertaken by the Federal Reserve System was putting pressure upon the banks to increase their loans and investments; on the other hand, the legislative crisis in Washington operated to impair confidence and prolong the deflation of bank credit.

The open market programme of the Federal Reserve Banks entered its latest phase in the middle of April when, in response to the growing demand from all quarters for some strenuous effort to arrest the fall in prices, the central banking system began to purchase United States Government securities at the rate of about $100,000,000 a week. Immediately following the enactment of the Glass-Steagall Bill in the latter part of February, the

Reserve System took steps to expand credit. Purchases of " Governments " at the rate of $25,000,000 a week were carried out for six weeks, but the results of this policy were slow in materializing, and early in April a strong demand for more radical means of expansion began to be heard. The principal scheme advanced was for the distribution of $2,500,000,000 of additional currency as a bonus to war veterans. The proponents of this plan admitted frankly that they were not particularly interested in giving the money to the veterans, but were chiefly concerned with inducing a degree of inflation and had hit upon the bonus scheme as the quickest way of bringing this about.

It seems likely that the decision of the Federal Reserve authorities to undertake the controlled expansion of credit at the unprecedented pace adopted was influenced to some extent by the necessity for heading off the dangerous bonus proposal, but apart from the question of political expediency, open-market operations on a large scale had for some time been urged by economists within and without the System, and it was generally felt that the time for a conclusive trial of the ability of the Federal Reserve to arrest the course of deflation had arrived.

A similar effort on a smaller scale begun a year ago had been frustrated by the outbreak of the Central European financial crisis and the events which followed. Last Fall heavy European gold withdrawals and domestic hoarding of currency had prevented the Federal Reserve System from renewing its efforts. With the passage of the Glass-Steagall Bill, however, the System was in a position to ignore the continued withdrawal of gold by Europe. Under the terms of the Bill, United States Government securities may be pledged as collateral behind Federal Reserve note circulation in excess of the 40 per cent. minimum gold reserve, an arrangement which has increased the free gold of the System to about $1,500,000,000. As yet none of the Reserve banks has found it necessary to invoke this privilege, but the free gold of the System calculated on the old basis had been reduced by the first week in May to approximately $160,000,000, and it was evident that before long the Glass-Steagall Bill would have to be put into effect.

In the four weeks between April 6 and May 4, $404,000,000 of United States Government securities were purchased, lifting the holdings of the System to $1,287,000,000, which is a record figure. The effect of these purchases was to increase the Reserve balances of member banks, thereby enabling them to pay off their borrowings from the banks of issue. This they have done to the extent of $129,000,000, while simultaneously their reserve balances have gone up by $205,000,000. Member bank indebtedness to the System is still in excess of $500,000,000, and until this item has been materially reduced the effects of the new policy cannot be expected to make themselves apparent to any appreciable degree. As a matter of record the loans and investments of reporting member banks of the Federal Reserve System in leading cities declined by $321,000,000 during April in the face of this flood of central bank credit.

Nevertheless, the piling up of excess reserves in those banks which are not heavily indebted to the banks of issue has exerted tremendous pressure toward the expansion of bank credit. This is best illustrated in the case of New York City member banks which showed a rise of $307,000,000 in their loans and investments between April 13 and May 4, following a period of almost uninterrupted decline since the beginning of the year. The enormous potentiality of the programme being pursued by the Federal Reserve System can best be realized by recalling that the $400,000,000 of additional funds pumped into the market during the month of April could theoretically be made the basis of $4,000,000,000 of member bank credit.

Unquestionably the credit expansion programme would have shown results more rapidly had it not been for the situation in Washington. Faced with the problem of balancing the national budget at a time of dwindling revenues, and when all sorts of demands were being made upon the Government for extravagant expenditures for the relief of various special groups, Congress has gone completely to pieces. Disregarding all party leadership or allegiance, the House of Representatives, which has the duty of originating revenue measures, has destroyed the plan of taxation presented to it and has riddled the administration's programme of economies. At the same time the Senate has been toying with a highly-controversial and far-reaching plan for banking reform and has been engaged in an investigation of Wall Street, the full purpose and implications of which are clear to no one.

The alarms and uncertainties occasioned by the spectacle of a rebellious and leaderless Congress have had a seriously disturbing effect upon the financial markets. Until some reassuring evidence is forthcoming that the pressing problems confronting the Government will be met it is not to be expected that bankers will make free use of the additional money placed at their disposal by the Reserve System. Such an outcome is by no means as remote as the bare record of Congressional deliberations would appear to indicate. President Hoover has recently reasserted his leadership in most forceful fashion, and the reception accorded by the country to his criticisms of Congress has had a sobering effect. While the financial community continues cautious there is confidence among the best informed people that the budget will be balanced and that the most radical legislative proposals will be shelved.

In April, Senator Carter Glass introduced the second revision of his Bill to amend the Federal Reserve Act and the National Bank Act. The Bill, as it now reads, is far less objectionable than it was in either of the two previous versions, although it still contains a number of controversial features and is strongly opposed by a number of bankers. The most important features of the new Bill are those relating to security affiliates and to the extension of branch banking. It is proposed that after three years from the date of the enactment of the Bill all national banks and all State banks which are members of the Federal Reserve System shall divorce themselves from their security affiliates. In addition, restrictions are imposed which would have the effect of completely separating the business of investment banking from that of commercial banking. Certain of these provisions are held to deprive State member banks of their charter rights and to violate the guarantees under which they entered the Federal Reserve System. It is unlikely that they will be allowed to stand in the final version of the Bill.

The Bill authorizes national banks to establish branches within the limits of the States in which they are located and to extend these branches across State lines within a radius of fifty miles from the parent office in cases where the territory served by a bank is in more than one State. It is probable that the permission to establish branches across State lines will be omitted from the final Bill.

The relaxation of the money market which has been in progress since last Autumn became accelerated during April. Open-market discounts on bankers' acceptances were reduced from $2\frac{3}{8}$ per cent. to $\frac{7}{8}$ per cent., at which level they equalled the low record established last summer. Early in May this movement was temporarily reversed when bill rates were advanced to $1\frac{1}{8}$ per cent. The adjustment had no relation to the trend of the general money market, but was due to the piling up in the hands of dealers of bills accepted by one or two banks whose paper does not move freely at the extremely low rates that had been quoted. Ninety-day Stock Exchange loans are down to 2 per cent., against $2\frac{3}{4}$ to 3 per cent. a month ago, and customers' rates on commercial loans average 4·38 per cent. against 4·48 per cent. in March. The yield on Treasury securities has fallen sharply and is now less than $\frac{1}{2}$ per cent. in the case of three months' bills and about $1\frac{1}{2}$ per cent. in the case of one-year notes.

The question of bank failures and currency hoarding which bulked so large early in the year has ceased to play an important part in shaping the course of financial affairs lately. Less than fifty banks suspended payment in April, and only forty-five in March, against 342 in January, and 122 in February. The checking of the epidemic of bank failures has been due to the operation of the Reconstruction Finance Corporation organized earlier in the year. Up to April 19 the Corporation had made loans to 1,520 banks of a total amount of $243,248,769, of which $10,047,158 had been repaid, leaving outstanding $233,201,611. A great majority of the loans have been for small amounts, and 88·9 per cent. of the banks receiving them were in towns having a population of less than 25,000, while over two-thirds of the money lent went to towns and cities of less than 100,000 population.

Exports of gold have again assumed large proportions as a result of the alarm in Europe over the failure of Congress to balance the budget, and the various inflationary proposals that have been advanced. The four gold standard exchanges, those of France, Switzerland, Belgium, and Holland have been above the gold export point almost constantly since the end of March. In addition to the exchange shipments arising out of this condition, substantial transfers of gold to Holland have been made in repatriation of the ear-marked gold held in New York by the Bank of the Netherlands. Since the first of April, $44,500,000 gold has been sent to Holland, $30,000,000 to France, $8,000,000 to Switzerland, and about $2,000,000 to Belgium.

French Banking Conditions

By a Correspondent

THE general election which has just taken place in France, and which has altered the balance of power in the French Parliament, makes it opportune to re-examine certain aspects of the monetary situation in France. The new Government will be confronted, as soon as it is formed, with the problems of budgetary equilibrium and of the Treasury. The tendency of its financial policy is bound to produce strong repercussions upon the money market and the credit situation.

The French money market, as we have often pointed out in these pages, is flooded with capital. The inflow of foreign funds, which was particularly marked during the last few months of 1931 and the beginning of 1932, has increased considerably the amount of funds available in the market, while at the same time, the slowing down of business activity has reduced the demand for credit accommodation. Thus, the banks find it difficult to employ their funds. The Bank of France is directly affected by the situation. Its bill portfolio declines month after month; at the end of January it was over 6½ milliard francs, a month later it was only 5½ milliards, by the end of March it had dropped to 4,820 millions, and in April it further declined to 4,750 million francs.

The following table shows the changes in the Bank of France's return :—

	End of February, 1932	End of March, 1932	End of April, 1932
ASSETS	——	——	——
	(in millions of francs)		
Gold Reserve	75,059	76,832	77,862
Foreign exchange reserve (total)	17,981	12,725	11,532
Of which :			
Available at sight	6,268	3,849	4,693
Short term funds	8,713	8,576	6,839
Bills discounted (total)	5,690	5,028	4,958
Of which :			
On France	5,544	4,820	4,750
On foreign countries ..	146	207	208
Advances on bullion	1,311	1,312	1,519
Advances on securities	2,707	2,716	2,735
Caisse Autonome bills	6,883	6,881	6,881
LIABILITIES.			
Note circulation	83,189	81,732	82,774
Current accounts and deposits (total)	28,536	28,489	27,937
Of which :			
Treasury	176	169	94
Caisse Autonome	3,461	3,358	3,017
Private accounts	24,366	24,444	24,434
Sundry	533	519	392
Total of sight liabilities	111,725	110,271	110,711
Percentage of gold reserve ..	67·18%	69·67%	70·33%

The official rediscount rate of the Bank of France has been maintained at the relatively low figure of 2½ per cent., but the leading banks possess huge funds which they are prepared to lend below that rate. They are thus attracting bills which are in normal conditions discounted by the Bank of France. The sight liabilities of the Bank of France, which declined considerably in March, have slightly expanded in April from 110,271 million francs to 110,711 million francs, an increase of 440 millions. The increase in market resources was more pronounced, for the deposits of the Treasury and the Caisse Autonome, which attained the total of 3,527 millions in March, declined to 3,111 millions in April, a decline of 416 millions. As is well known, these deposits are not available for the market, but remain sterilized at the Bank of France. Their decline means that 416 millions previously blocked have been released and have found their way back to circulation. Thus, the supplementary resources placed at the disposal of the market were not 440 millions, but 856 millions.

The increase of the sight liabilities of the Bank of France was due only to a slight extent to an increase of the gold reserve. The gold stock increased, it is true, from 76,832 millions at the end of March to 77,862 millions at the end of April, an increase of 1,030 millions, but the foreign exchange reserves declined from 12,425 millions to 11,532 millions, by 893 millions. The net increase of the gold and foreign exchange reserves was thus only 137 million francs. The increase of sight liabilities has been due, to some extent, to the increase of advances on bullion from 1,312 millions to 1,519 millions during April. As is well known, this item represents advances made on gold deposited in Paris, mostly on account of foreign banks. In particular, the advance granted in 1931 by the Bank of France to the Bank of Spain is included in that column. It is to be assumed that the increase of 207 millions during April is the result of a similar advance granted to another foreign institution.

The increase of the sight liabilities of the Bank of France and the release of part of the funds previously immobilized on account of the Treasury and the Caisse Autonome have, of course, further accentuated the plethora of funds in the money market. This plethora has manifested itself mainly in the discount market. At present, bank acceptances and first-rate commercial bills are very scarce. The banks, fearing a default of their debtors, are hesitating to accept bills, while the decline of foreign trade has contributed towards the shrinkage in the volume of commercial bills. This scarcity of bank bills has occurred during a period when the leading banks, whose idle reserves are much larger than usual, are anxious to find good bills. Moreover, at the same time, the Bank of England, having accumulated a fairly large franc balance, is seeking to employ it in the discount market which is the only course involving practically no risk. In such conditions the demand for bank bills cannot be satisfied, and holders of liquid funds are having to fall back upon the Bons de la Défense Nationale, which fall due in two years, but which can be taken over for periods between one month and three months.

The amount of outstanding Bons de la Défense Nationale is rather high. Actually it stands at 28 milliard francs, but the greater part of this amount is not available for the money market, as about 15 milliards are held by small investors who keep them until maturity. The same is true of the 7 milliards held by the large banks and corporations. The Bonds which are available for the money market are thus only about 5 to 6 milliard francs. At present, however, the volume of liquid funds exceeds that amount considerably. In the last issue we stated that the amount of liquid capital may be estimated at 40 milliard francs. The discrepancy between the two figures indicates the extent of the saturation of the French money market, and the difficulty of placing substantial funds.

The short-term demand for Bons de la Défense Nationale is so strong that the rate of interest has declined considerably, as is shown by the following table :—

	End of February, 1932	End of March, 1932	End of April, 1932
	%	%	%
Market rate of discount	$1\frac{13}{16}$	$1\frac{11}{16}$	$1\frac{3}{8}$
Day-to-day loans	$1\frac{1}{2}$	$1\frac{1}{4}$	1
Loans on Bons de la Défense Nationale :			
Rate of the Caisse des Dépôts :			
At 1 month	$2\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{4}$
At 3 months	$2\frac{3}{4}$	$2\frac{1}{2}$	$2\frac{1}{2}$
Market rate :			
At 1 month	$1\frac{3}{4}$	$1\frac{1}{4}$	1
At 3 months	$1\frac{3}{4}$	$1\frac{5}{16}$	1
Advances on securities :			
Quoted at the Parquet	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$
Quoted at the Coulisse	$4\frac{1}{4}$	$4\frac{1}{4}$	$4\frac{1}{4}$

In April last, all interest rates displayed weakness, this being due in part to the operations of the Bank of England, which at present possesses sufficiently large franc balances to influence the French money market to a substantial extent. The market rate of discount has thus declined from $1\frac{11}{16}$ per cent. in March to $1\frac{3}{8}$ per cent.

in April. In the above table we discriminated between rates on Bons de la Défense Nationale quoted by the Caisse des Dépôts et Consignations and those quoted in the open market. The Caisse des Dépôts et Consignations places part of its funds in loans secured by Bons de la Défense Nationale. For a long time that institute played a predominant part in the market; and practically determined the rate on such loans, as it was prepared to lend at rates a shade inferior to market rates. During the last two months, however, the Caisse des Dépôts has kept aloof from the market, and as a result the monetary ease has become further accentuated, and money rates have declined. The leading banks are prepared to lend at lower rates than the Caisse des Dépôts. For this reason that institution does not at present play any part in the market, and its rates are purely nominal. The effective rates are those of the market, which quotes at present 1 per cent. for one month as well as three months.

This brings us to the significance of the Caisse des Dépôts et des Consignations, which is not known adequately, even in France. Admittedly, its organization is extremely complicated. It was originally created by the Law of April 28, 1816, for keeping deposits subject to litigation, but it has since gradually extended its functions. It has been put in charge of the funds of insurance companies, pension funds and savings banks, including those of the Caisse Nationale d'Epargne. As a result, the Caisse des Dépôts et Consignations has taken charge of all deposits originating from small savings, whose volume has always been very large in France. At present, most of its funds belong to the savings banks. On December 31, 1931, of a total of 75 milliard francs of deposits over 50 milliards originated from that source.

The Caisse des Dépôts et Consignations has to invest its funds in either French Government or Government guaranteed bonds, or Departmental, Municipal or Chamber of Commerce bonds, or Crédit Foncier bonds, or other French or foreign bonds on a list drawn up by the Ministry of Finance. It has recently been decided to authorize the Caisse to acquire bonds other than those of the Government or public corporations, because the increase of its funds has made it difficult to invest them exclusively in that class of security. The list of securities which the Caisse is now authorized to buy is not published, but it is believed to include the shares of leading French and foreign companies. Part of the funds are maintained in a liquid form, either on current account with the Bank of France, or with the Treasury. According to law, the proportion of liquid funds to the total deposits must not exceed 10 per cent.; the rest has to be employed for the purchase of securities. In practice, the cash reserve is inferior to 10 per cent., because withdrawals of deposits are infrequent; receipts usually exceed reimbursements. The following figures show the increase of savings deposits during the last few years:—

	Private Savings Banks	Caisse Nationale d'Epargne	Total
		(In millions of francs)	
End of—			
1927..	14,606	6,674	21,280
1928..	18,186	9,085	27,271
1929..	20,313	11,658	31,971
1930..	23,840	15,458	39,298
1931..	30,550	20,660	51,210

The amount of savings deposits increased from 21 milliards in 1927 to 51 milliards in 1931. Evidently, in such circumstances the question of liquidity was of secondary importance for the Caisse des Dépôts et Consignations which holds all these funds. The increase of savings deposits is due to the thrifty character of the French people. During the period of the instability of the franc the increase of savings was checked for a while, but after the stabilization of the franc it resumed its course, as is shown by the above figures. It must be pointed out, however, that the increase, which was 6 milliards in 1928, 5 milliards in 1929, and 7 milliards in 1930, had attained 12 milliards in 1931. The increase during the past year was not due exclusively to thrift, but also to the slackening of business activity which has released a considerable amount of capital. Instead of leaving their deposits with banks where they would have received an interest of only ½ per cent., many people preferred to transfer them to savings banks, where they received 3¼ to 3½ per cent. Savings banks pay a rate corresponding roughly with the yield of French Government securities, which was for some years between 3¾ and 4 per cent. So long as short-term funds commanded a rate between 2½ and 3 per cent. the advantage of depositors with savings banks was not very great, but it has increased with the decline of short-loan rates in 1930 and 1931; for while money rates in the market declined, savings banks have maintained their deposit rates almost unchanged. Savings banks deposits are repayable on demand. Although the law provides the possibility of limiting the reimbursement of savings deposits to a certain amount per fortnight, this clause was only applied at the beginning of the war, in entirely exceptional circumstances.

The question has been raised recently in France whether, in case of a revival of business, or a panic provoked by the political factor, the Caisse des Dépôts et Consignations would not be embarrassed by the inevitable withdrawals of savings banks deposits. These withdrawals may attain very high figures, and the Caisse des Dépôts et Consignations, whose cash reserves are inferior to 10 per cent., may not be able to meet them out of its own resources. It is true that it could sell its securities, but in case of a panic caused by the political factor its security holdings, consisting mostly of Government bonds, would become unsaleable. It would thus get into the situation of a bank which has immobilized its assets representing the counterpart of sight deposits.

This possibility is at present envisaged in France. Should it materialize, special measures would become necessary, consisting probably of an advance from the Bank of France. The leaders of the parties of the Left, however, who control the new Chamber of Deputies, are aware of the difficulties that would be caused by withdrawals of savings deposits, and are certain to do their utmost to prevent a panic. If their financial policy remains reasonable they may be able to solve this delicate problem. In any case, it seems desirable to provide for an increased liquidity of the Caisse des Dépôts et Consignations, as the maximum ratio of 10 per cent. is obviously insufficient.

German Banking Conditions

By a Correspondent

THE liquidity of the German money market increased considerably during April and the first half of May. For the first time since the crisis of July, 1931, short-term funds were freely offered, and the Reichsbank took advantage of this situation to reduce its bank rate to 5 per cent. on April 27, thus returning to the rate which was in operation previous to the crisis. The rate for day-to-day loans for first-class borrowers was lowered to 5½ per cent., that of monthly loans to 6 per cent., while bank bills can now be placed at 4⅞ and commercial bills at 5¼ per cent. The note circulation and the bill holding of the Reichsbank showed also a satisfactory trend, so that the succession of bank rate reductions was fully justified. Its reduction to 5 per cent., however, must be the last for some time, as the German Bank Act states that the bank rate must be at least 5 per cent. whenever the note cover is under 40 per cent. On April 30, the note cover was 24 per cent. only, which is the lowest percentage since 1924. Although the Reichsbank hopes that the severe exchange restrictions now in force will prevent a further decline of its foreign exchange holding during the next months, there is no reason to anticipate an increase of its foreign exchange holding, and for this reason it is impossible further to reduce the bank rate.

While there are now signs that the cheapness of short money may affect the long-term loan market, the difference between long and short loans is still very large. It is true that between April 12, when the Berlin Bourse was reopened, and May 10 the index number of the *Deutsche Volkswirt* for fixed-interest-bearing securities rose from 61·2 to 66·2, but before the closing of the Bourse in September last it was 79, and in July it was as high as 90. The Government-guaranteed 7 per cent. Reichsbank preference share—which is regarded as the most representative German fixed-interest-bearing security—is quoted at 78 per cent., giving thus a yield of about 9 per cent. The quotation of mortgage bonds is somewhat more favourable, the 6 per cent. bonds being quoted at 75 per cent., but quotations for municipal and industrial loans are even lower, and the investor in large German municipalities and first-class industrial enterprises can obtain a yield of 12 to 13 per cent. This is due not only to lack of capital but also to the pessimistic outlook as to the possibilities of an aggravation of the crisis with further failures and suspensions. It is not expected, therefore, that the Government's scheme of a loan for the relief of unemployment will have a great success. This new loan is of a type which provides no basis for comparison with the existing loans. It will consist of tax-free premium bonds; its rate of interest will be low, but every year a number of big prizes will be allotted to holders by drawing. The Government had to attempt this scheme even if it was not too promising, for it must leave no stone unturned to reduce unemployment, numbering 5,737,000 at the end of April.

The reopening of the Bourse can be regarded as successful, notwithstanding the low prices of German bonds. During the first four weeks after the reopening, demand for shares and bonds almost exceeded supply. There is, of course, barely any connection between the tendency of the Berlin Bourse and of foreign bourses. The purchase of foreign stocks is prohibited, and so is the sale of German stocks by foreigners. The rise of the index number of German shares from 46½ on April 13 to 50 on May 10 ought to be welcomed as a sign of returning confidence. It is especially significant that German shares have found once more a market, without any supporting purchases on the part of banks and industrial enterprises.

In consequence of the reduction of the bank rate, the German banks have had to reduce their rates on loans to their customers. Normal bank credits are now charged 6 per cent. interest, plus 2 per cent. commission, making a total of 8 per cent. against 10 per cent. three months ago. It proved impossible, however, to reduce the deposit rates to the same extent. In order to avoid further withdrawals, the rate allowed on current accounts was reluctantly lowered only from 3½ per cent. in January to 2 per cent. in April, but savings banks continue to allow 4 per cent. as before. As compared with the high yield of long-term loans, the rate of $4\frac{1}{4}$ per cent. for one month and $4\frac{1}{2}$ per cent. for three months allowed by the banks is none too favourable. Should the reduction of interest rates lead to the transfer of funds from deposits to long-term loans, the discount rate policy of the Reichsbank would prove to have been mistaken. For the time being deposits seem to be stable, but the contraction of the margin between loan rates and deposit rates has reduced the earning capacity of banks.

The Deutsche Bank und Disconto-Gesellschaft closed the lists of its new share issue at the end of April. As is well known, its share capital was reduced from 180 million to 72 million reichsmarks, and was then raised once more to 144 millions. Of the 72 millions of new shares, 22 millions were placed with friends on the occasion of the reorganization in February, so that the Gold Discount Bank had to underwrite only 50 millions. The Deutsche Bank und Disconto-Gesellschaft was anxious that the Gold Discount Bank should not have to take over such a large amount, and it therefore offered the shares for subscription, but the issue price of 115 per cent. proved to be too high. Apart from the 22 millions placed privately, only 5 millions were sold, so that 45 millions were left with the Gold Discount Bank. After the closing of the lists the price of the shares declined from 115 to 95 per cent., as there is still very little demand for German bank shares.

The Finance Ministry of the Reich has now issued a report as to the cost of the reconstruction of German banks. The following figures show the result :—

	Total outlay	*Loss*
	in millions of reichsmarks	
Shares acquired	338·5	150
Contributions	185·0	185
Loans granted	307·1	—
Guarantees	285·1	at least 15
Total	1,115·7	at most 400

As is known, the Reich has bought mainly Dresdner Bank and Danatbank shares, and has lost 150 millions through the capital reduction. The amount of contributions which were lost completely also concern the

Danatbank, while the guarantees were undertaken in favour of a number of smaller banks and credit co-operative societies. The Finance Ministry reckons that there has been a total loss of 400 millions, and apart from this, it will take a long time before the banks can repay their loans or can dispense with the guarantees of the Reich. There is still a bank left, moreover, which has not yet been reconstructed and which may necessitate additional support on the part of the Reich or the State of Prussia. This bank is the Landesbank der Rheinprovinz, which has during the last few years re-lent large amounts of short-term funds in the form of long-term municipal loans. There is no question of any losses but of a lack of liquidity.

The results of German mortgage banks for 1931 are much more favourable than those of commercial banks. Although the crisis has affected them, capital losses on mortgage credits were exceptional. On the other hand, many owners of real estate, especially landowners, were unable to pay interest, and in consequence of such losses the mortgage banks have reduced their dividends. The leading mortgage bank, the Gemeinschaftsgruppe Deutscher Hypothekenbanken, paid a dividend of 7 per cent.. for 1931 against 12 per cent. for 1930. During the current year, interest receipts have further declined, but the mortgage banks possess large reserves and their liquidity is satisfactory. Their only danger is the crisis in the real estate market, through which real property is being sold nowadays well below its value. As a result, the shares of mortgage banks have declined considerably, but their mortgage bonds continue to be regarded as the best German investments.

Bank for International Settlements

THE Annual Report of the B.I.S. is a voluminous document which deals fully with the various activities of the Bank, and particularly with the manner in which these have been affected by the Hoover Moratorium.

The Report also affords an interesting general survey of the unfortunate history of the past twelve months. To the general reader, however, the most interesting chapters will be those dealing with the policy of the Bank, particularly in regard to the distress credits granted in the middle of the year. In some quarters there has been a tendency to criticize the granting of these credits, although the criticism has been based on different and often contradictory grounds. Some extremists have taken the view that it was a mistake to attempt to maintain such weak positions, and that it would have been better to have had straightforward moratoria which would have cleared the position and made it essential to start afresh. Others, while approving of the granting of assistance, have blamed the banks for not ensuring that the money was used to better purpose and that the countries concerned put their houses in order. Then again, there is a third class which goes to the opposite extreme and criticizes the Central Banks for demanding any repayment.

The B.I.S. in its Annual Report has now given a clear statement of the motives and hopes by which it and its associates were inspired in granting these credits. They state quite definitely that the credits were at no time regarded as remedies, but merely as facilities affording the opportunity for corrective or defensive measures to be taken. The bankers of the world being accustomed to think in international terms fully realized how quickly the disaster might spread if Austria and Hungary were allowed to collapse. They realized that in spite of political boundaries, in spite even of tariff walls, the world was still an economic whole, that the collapse of any one part of it would inevitably react on the rest of the body, and that in the already feeble state of that body the complete and sudden collapse of any part might have the most disastrous results. They therefore felt bound to do their utmost to keep the machine going, though from the outset they made it clear that while they were prepared to provide temporary support, the responsibility for putting the machine in order lay with the Governments. The Governments, however, as is now only too well known, were unable to rise to the occasion. Hastily summoned together in London in July, the Great Powers did nothing more than pass a resolution requesting the bankers to study the position and renew the credits. The bankers returned the compliment with vigour, and first through the Wiggin Committee and later through the Special Advisory Committee under the Young Plan, reported in the strongest possible terms that the whole responsibility for action lay with the Governments.

The position to-day is, then, that the policy of the Central Bank Credits has failed, in that the breathing space provided has not been utilized to eradicate any of the fundamental sources of weakness. But to admit this is far from admitting that the whole policy has been a failure. As the Report suggests, it is extremely probable that, but for the Central Bank Credits, the effects of the crisis would have been still more catastrophic and would have resulted in a swifter and wider immobilization of the large creditor markets in addition to those of the debtors. To take two outstanding examples of the value of the interval which has been provided, there is, first, the position of England, whose recovery has been of immense value in restoring, or at least in maintaining the confidence of the world in the credit system; then, secondly, there is the position of Germany, which has demonstrated its ability to control its affairs and its currency on an entirely different and undoubtedly more difficult basis. With the history of the post-war inflation still fresh in the minds of her population, it was impossible for Germany when the crisis arose to take the risk of cutting herself adrift from gold. To-day, however, the situation is different, and it is at least probable that if in the course of a few months Germany were to be forced to abandon the gold standard, this could be done without causing complete panic internally.

Many other arguments might be advanced to show that these credits really have served a useful purpose.

There remains, however, the criticism referred to above, to the effect that the Central Banks ought not now to be asking for even partial repayment. Admittedly there is something to be said for this view, but there are also several very good reasons why the Banks ought not to go on renewing these credits in a passive automatic way. In the first place, the object of the Credits was simply to provide breathing space during which the proper measures might be taken by the Governments, who alone are in a position to remove the fundamental weaknesses. This interval has not been used, and it is at least arguable that by continuing these credits now the Banks are simply aiding and abetting the Governments in their policy of futile inactivity, and that by demanding repayment they would be doing something to force the Governments to take the necessary action.

The Report does not touch on this question of repayment, but it does draw a very interesting distinction between what is called the second phase of the financial year, namely, the phase from May to September, during which the Bank was granting and organizing rescue credits; and the third phase, which started with the depreciation of sterling, in which the Bank changed its policy entirely, faced the fact that the policy of short-term credits was inadequate in face of the general demoralization, and definitely refused further applications for advances. It also adds, very frankly, that while this policy had obviously become desirable on general economic grounds, it might quite possibly have been rendered compulsory by the diminution in the Bank's own assets. The loss of deposits was, of course, due to the panic which spread over the financial world after the fall of sterling and which affected even Central Banks themselves. It is, however, very satisfactory to read in another part of the Report, that while this anxiety caused many Central Banks to convert their balances into gold, it also led them to place with the B.I.S. a larger proportion of what foreign exchanges they still retained.

The presentation of this Report at the Annual Meeting held on May 10 provided the occasion for the reunion at Basle of the representatives of twenty-seven Central Banks. The meeting itself followed the usual formal lines of such meetings, but it was followed by a special meeting at which papers were read by Professor Sprague of the Bank of England, Dr. Kienböck of the Austrian National Bank, Dr. Trip of the Nederlandsche Bank, and Professor Rist of France. Summaries of their papers are reproduced upon an earlier page.

Canadian Banking Changes

By a Correspondent

CANADIAN bankers' interest in the forthcoming Imperial Economic Conference is directed mainly towards the proposals for an Empire currency, but such interest is not particularly keen. It is true that the Canadian House of Commons has passed a resolution in favour of the establishment of such a currency, but opinion among Parliamentarians is very vague as to the relative merits of a uniform metallic standard or of a managed parity with sterling. So far, none of the bank leaders in the Dominion has expressed any opinion in public. A number of economists have been engaged by the Dominion Government to study the matter and report. They are working under a former professor of a Canadian university; but their finding will naturally be reserved until made public by the spokesman at the Conference, probably the Minister of Finance, the Hon. Ernest Rhodes, formerly the Speaker of the Canadian House of Commons.

New York, which for two generations has been the chief money market influence for Canadian bankers, has accentuated within the past three months the tendency to link the Canadian dollar with British sterling despite the denominational similarity and one time parity of the Canadian and American currencies. A prominent financier has summarized the movement in the words :

> " As our dollar was driven down when England went off the gold standard, so their rise has been mutual since then notwithstanding the opinion of New York at one time of their separateness in tendency and then later of their being inseparable in tendency."

Another opinion expressed here is that the probable effect of an Empire currency would be for London to supplant New York as the money centre so far as Canada is concerned.

Earlier in the session Mr. Bennett somewhat startled the House by the apparent cordiality with which he suggested a central bank for the Dominion, so as to make it independent of New York. This was a surprise, because a year ago, when some such proposal was made by a Western member, it was not approved of by the Prime Minister. Frankly this proposal, or possibility, is of greater interest to Canadian bankers than the Economic Conference. The suggestion has been referred to those who will, in 1933, have to carry out the decennial revision of the Canadian Bank Act. So far as opinion is at all crystallized, the chief fear is that any Central Bank of the Dominion would, inevitably, drift under the control either of the Bank of England or of the Federal Reserve Board of the United States. While purely financial dealings with the Federal Reserve Board would not be objected to, there is a strong objection against any measure that would accentuate the already powerful influence exercised on Canadian affairs from New York or Washington.

Another matter that has engaged Parliament this session is the proposal to make it illegal for banks and other lending institutions to charge interest at over 7 per cent. This also was a Western suggestion. The mover stated that the customary rates of 8 and 9 per cent. charged for loans to farmers in the Prairie Provinces were too onerous. The average rate of interest for commercial loans in Canada is 6 per cent. Interest on balance of current accounts is now 1½ per cent. The proposal has been referred to the Committee on Banking and Currency.

Perhaps a more interesting novelty in banking legislation was that proposed in the Legislature of the Province of Manitoba for the establishment of a provincial savings bank with the right of note issue on a par with the rights now vested in the chartered banks. In the British North America Act of 1867—the so-called " Constitution " of Canada—power to legislate on banking and currency is expressly reserved to the Dominion Parliament at Ottawa. The procedure of the provincial legislature, therefore, will be to petition the Dominion Houses to amend the B.N.A. Act and the Finance Act of 1914, so as to enable the Province to get the right to issue. As this also has been referred to the revisers of the Bank Act for the summer of 1933, the next revision is already assured of being of more importance to the fundamentals of Canadian banking than any revisions, except those of 1923 probably, which embodied the wartime measures, since the first revision in 1872. The reduction of branch banks is making steady progress. Over forty branches have been closed since the beginning of the year.

International Banking Review

HOLLAND

THE Nederlandsche Bank has decided to withdraw all its gold held at present abroad. Of its total gold stock of about 900 million florins, 103 million florins is held abroad, mainly in America. The repatriation of this gold has already begun. The Dutch authorities have emphasized that these measures are not to be regarded as indicating a distrust of the dollar, but as being undertaken simply because there is no reason in the present circumstances to hold a heavy gold stock abroad. In some quarters the measure is none the less criticized on the ground that it is calculated to produce a bad psychological effect, which should be avoided amidst the prevailing circumstances. It is pointed out that as the gold is earmarked, no risk whatever is attached to its being kept in New York, for even a depreciation of the dollar would not affect its value.

The Dutch Government has introduced a Bill concerning the credits which should be granted to the Dutch East Indies Government in connection with the agreement concluded by that Government with the Nederlandsche Bank and the Javasche Bank as to the purchase of the sterling holdings of these two banks. It will be remembered that both these banks have suffered substantial losses through the depreciation of sterling, and arrangements have been concluded to compensate them in part with the aid of a sterling loan of the Dutch East Indies Government, of which about £11,000,000 is still outstanding. The Board of Management of the Hollandsche Koopmansbank, which has been closely associated with the Kreuger and Toll group, have issued a statement declaring that the bank is not involved in the Kreuger crisis. It is stated that the management has succeeded in maintaining its independence in spite of the controlling interest held by the Kreuger group, and that on various occasions it refused to carry out Kreuger's instructions. Thanks to this independence the bank is stated to be in a liquid position, and may be able to survive the crisis.

There was a small banking failure in Holland during the past month. The Geldersche Hypotheekbank has suspended payment owing to its close association with the National Emissiebank, which was granted a moratorium some time ago.

NORWAY

The Governor of the Bank of Norway, and the President of the Norwegian Bankers' Association have issued statements to the effect that Norway was completely disinterested in the Kreuger affair, and that rumours as to the stability of the krone on account of the Kreuger crisis were therefore entirely unjustified. The Prime Minister stated that the Government does not intend to take any measures to stabilize the currency until Great Britain stabilizes sterling. The object of the Advisory Committee on Exchange, which has recently been established, was only to inquire into the matter and to prepare material for future reference. It is largely on account of the appointment of this committee that the krone had assumed a weaker tendency.

DENMARK

There is a strong movement in Denmark aiming at inducing the authorities to allow the krone to depreciate to a substantial discount in relation to sterling, so as to enable producers to work profitably in spite of the fall in prices and the rigidity of wages. As things are, there is barely a margin of profit, and attempts at cutting down wages have led to a conflict with employees in the bacon industry. In such circumstances it is easy to understand that many people should advocate a policy aiming at the depreciation of the exchange. Some people suggest that instead of linking the Danish krone to sterling, it should be linked to the Swedish krone, which is at a discount in relation to sterling. Generally speaking, banking circles are not in favour of that policy, as it is believed that to belong to the sterling group of currencies would, in the long run, give Denmark greater advantages than any depreciation of her exchange.

GREECE

After much hesitation the Greek Government has decided to suspend the gold standard. It is now generally recognized that it was a fatal mistake to delay this step so long, as the exchange position has inflicted heavy losses upon Greek exporters. Moreover, the Greek emigrants were reluctant to make any transfers for fear that the drachma might after all depreciate. As a result of the decline of visible and invisible exports, the Bank of Greece has lost a substantial part of its gold and foreign exchange reserve.

There is a strong movement demanding the amalgamation of the National Bank of Greece with the Bank of Greece. As is well known, the National Bank of Greece was until recently the bank of issue, and it is only under the insistence of the League of Nations authorities in connection with the stabilization loan granted to Greece that the Bank of Greece was established as the sole bank of issue, and the National Bank of Greece became a commercial bank. The Government is not anxious to agree to the amalgamation, but many people believe that it would be of assistance amidst the present troubles.

YUGOSLAVIA

It is understood that contrary to previous reports the First Croatian Savings Bank of Zagreb did not fail, but merely availed itself of its right to postpone repayment of deposits during a certain period. A number of other banks availed themselves of this right some time ago, but the First Croatian Savings Bank continued to pay out deposits, and an amount of about 800 million dinars has been withdrawn.

The Annual Report of the National Bank of the Kingdom of Yugoslavia states that, owing to the uneasiness of depositors caused by the crisis, the bank had to pursue a liberal credit policy in order to support the banks affected. The note cover of the bank shows wide fluctuations in the crisis of 1931, showing on balance an increase of 680 million dinars for the year. Loans granted by the bank increased from 1,346 million dinars on May 22 to 2,252 million dinars on December 31. Rediscounts rose during the year from 1,411 millions to 1,965 millions, after having dropped to 1,192 millions on May 22.

PORTUGAL

The report of the Bank of Portugal for the second half of 1931 states that the result of the policy of maintaining the escudo linked to sterling has been decidedly satisfactory. The exchange restrictions have been relaxed, and the limit up to which it is possible to buy special currencies without permits has been raised from £10 to £100. The report emphasizes that it was to the advantage of Portugal that she abandoned the gold standard when Great Britain did, and points out the disadvantages suffered by those countries who tried to maintain the gold standard after September 21.

POLAND

The State Land Bank of Warsaw has closed the year 1931 with a profit of 4·1 million zlotys. Its balance-sheet total was 1,468 million zlotys, and its annual turnover 6,685 million zlotys. The reason why the net profit was comparatively small during the year was due to the agricultural crisis, and to the policy pursued by the bank to meet the situation. This policy expressed itself in relief granted to agricultural interests, and the reduction of interest rates. The total of mortgage bonds and debentures issued by the bank exceeds 338 million zlotys, and the amount of funds mortgaged by the bank are about 425 millions. The amount of short-term credits granted by the bank and outstanding on January 1, 1932, was 244·6 million zlotys, and its long-term credits were 328 million zlotys.

Banking Reviews

English Reviews

PROFESSOR J. M. CLARK, of Columbia University, has written a most able article, in LLOYDS BANK review for May, on "The European Economic Dilemma and the Interests of the United States," wherein he analyses the basic requirements for the economic recovery of the world. He considers that it is vitally necessary that there should be :—(1) A reduction of military expenditure and of the risks of war; (2) "A lowering of trade barriers and a resumption of freer interchange of goods to an extent at least which may avoid the crippling of Europe's economy by the forcing of production into small, inefficient and unnatural units, and also avoid the blocking of the natural flow of balances across the Atlantic"; and (3) "A reduction of international debts to a level at which they can remain and at which future depressions will not necessitate further revisions." Our readers should certainly study this article, which provides much food for thought and gives a very clear analysis of our present troubles. It is impossible in the space at our disposal to summarize the author's arguments, but one important point which he makes should be noted :—" The basic story of our prosperity or adversity is told by the sum of our domestic production plus imports, minus exports." He concludes with the words :—" I am not unmindful of the difficulties. But the need is more important than any of the sacred principles that stand in the way. Observers may indulge in demonstrations that the thing cannot be done; and they may be right. But there is little help in such an attitude, when the fact remains that the thing must be done in some fashion if the world is to be pulled out of the mire and not sink to destruction."

The marvellous growth of civilization in the past hundred years has been rendered possible by international trade based on specialization and the division of labour, yet it would seem that the politicians of all countries have to-day lost sight of this fact, and by concentrating their attention on national instead of international progress, are running the risk of destroying civilization itself and reverting to barter. The ANGLO-INTERNATIONAL BANK quarterly review for April aptly states that: "It is one of the tragedies of the post-war period that sane economic action has so frequently been paralysed by political motives." The article is entitled "Germany after the Election," and it is interesting to note how closely the writer's opinions correspond with those of Professor Clark, which we have mentioned above. He concludes with the observation that: "Adversity will not have been in vain if it can put some curb on national selfishness. One thing is certain. Drift has now become an active danger. Time is no longer on the side of postponement." His picture of the present economic condition of Germany is not encouraging.

The WESTMINSTER BANK review for April, in an article entitled "Danubian Problems," also stresses the danger of the growth of economic nationalism expressing itself in the erection of increasing tariff barriers, whereas "the pursuit of economic self-sufficiency must obviously be related to questions of area and national resources." The writer points out that not only are the Danubian States of limited size and population, but there is not one which is within measurable distance of self-sufficiency.

The articles mentioned above devote little attention to the monetary side of the world's problems, but there can be little doubt that the fall in the general price level has been partially a cause as well as a result of the general disorganization of industry. To what extent it has been a cause or a result cannot be discussed here, but there is a prevalent idea to-day that recovery can be facilitated if a rise in the general price level can be brought about. This view is developed in an article entitled "Errors and Omissions, Can Half a Policy Pay?" in the MIDLAND BANK review for April–May. The writer deals in the main with the monetary policy of this country, though he foresees that a return to prosperity here would be quickly reflected in other countries. He states that "if British prices rise, then the volume of business will expand, employment will increase, profits will be restored and investments stimulated. In such circumstances the Budget will certainly balance; without them it cannot, failing some totally fortuitous savings or receipts." The writer of this article places the onus for the absence of a rise in the wholesale price level during the past six months upon the Bank rate policy of the Bank of England, but he seems to lose sight of the fact that many other facts besides the domestic price level have to be considered when deciding the level of Bank rate. We do not, however, affirm that his criticisms are entirely unjustified, and we agree with him that sacrifices, economies and tariffs "will all be fruitless unless accompanied by courageous policy, wisely conceived and determined in execution, in monetary affairs."

Naturally the current reviews devote considerable attention to the Budget, and BARCLAYS BANK review for May points out the unsatisfactory character of the present position: "Should the decline in revenue indicated by the present Budget figures continue, the only way in which the national accounts can be balanced is by a curtailment of expenditure, for there are unmistakable indications that certain of the taxes have been raised so high that they now fail to produce the maximum yield." Thus our industrial development and competitive power in world markets is being seriously hampered. LLOYDS BANK review estimates that a further saving of £100 millions is necessary, and considers that this will involve more than the ruthless overhaul of the machinery of administration and the excision of many quite unnecessary offices and activities. It means drastic changes of policy. The writer then asks whether our education system is remunerative in proportion to its unprecedented cost, and why it is so much more expensive here than in other countries. The most unsatisfactory feature of the Budget is that Estate Duties are again treated as income and not as capital—as they should be. The yield is falling; does not this mean that our capital is diminishing?

Foreign Reviews

The April number of the monthly review published by the MOSCOW NARODNY BANK contains much to interest English readers who are interested in Russia's progress, and the article dealing with Anglo-Soviet trade gives some interesting information concerning the large orders which have been placed in this country by Russian firms.

It seems, however, that these orders for 1932 are somewhat limited compared with 1931 owing to credit difficulties. Perhaps the most interesting article in this number is that which deals with the second " Five Year Plan," under the title " Planning and Realization." "The carrying out of this plan will necessitate the construction during the next five years of new electric power stations of a total capacity of 10 million kilowatts." Truly an ambitious programme.

The GUARANTY SURVEY for April devotes a great deal of space to the American Budget situation. We gather that the position in America is somewhat similar to the position of Great Britain last August and September; yet the Government seems reluctant to take the drastic steps of cutting expenditure and increasing taxation. Both Federal and Local Government expenditure have increased enormously in the United States during the last five years, the result being a crushing burden imposed on American business. In the words of the writer: " The question is not primarily one of paring Government salaries or shaving budgets but of curtailing Government activities for which we cannot pay." He criticizes the new taxes which are being imposed as affecting the business interests rather than the community as a whole. We are unable to judge whether his criticism is just or not, but it is certain that any tax at the moment is bound to be yet another burden on the back of industry one way or another.

This review also contains some interesting figures and graphs bearing on the earnings of public corporations which make returns to the Commissioner of Internal Revenue. " The figures indicate that a surprisingly small proportion of American corporations earn a net income in any given year. Never has the proportion exceeded two-thirds of all the corporations reporting, and in no year since 1919 has it equalled 60 per cent."

In last month's issue we referred to the GUARANTY SURVEY's opposition to the Glass-Steagall Bill. In actual fact, the GUARANTY SURVEY referred to the Glass Bill, which is a totally different measure, and we regret that any confusion should have occurred.

The review published by the AMSTERDAMSCHE BANK, Amsterdam, contains an interesting article entitled

"Civil Aviation in Holland," in which is traced the history and development of the K.L.M. from 1919 up to the present day. This review also contains a very full account of the present financial and economic condition of Holland. This country is suffering like every other country from the inability to sell its products abroad, and when it does succeed in doing so it finds difficulties are placed in the way of transferring the proceeds back to Holland.

Books

THE FINANCIAL AFTERMATH OF WAR. By SIR JOSIAH STAMP. (London, 1932. Ernest Benn. Price 6s.)

THE book reproduces five lectures delivered by Sir Josiah at the Aberystwyth University in 1930 and a recent broadcast address on the gold standard. His chapters on Deflation and Reparations are particularly of topical interest, and are well worth reading. Sir Josiah is among the few people who issued a warning against the disastrous process of deflation, and it is interesting to read his remarks made two years ago in the light of the subsequent events which have, unfortunately, confirmed his worst fears. His account of the evolution of reparations should be read in conjunction with the coming Lausanne conference, as it provides the background for the man in the street to understand the meaning of the problems that will confront the delegates. The book is written in very simple language.

THE WORLD'S ECONOMIC CRISIS AND THE WAY OF ESCAPE. THE HALLEY STEWART LECTURES FOR 1931. (London, 1932. Allen and Unwin. Price 4s. 6d.)

The lectures delivered last year by Sir Arthur Salter, Sir Josiah Stamp, Mr. J. M. Keynes, Sir Basil Blackett, Mr. Henry Clay and Sir William Beveridge are reproduced in this book. Although at the time they were quoted and commented upon extensively in the Press, their reproduction in full has made them available for a much wider public. Sir Arthur Salter dealt with the international aspects of the crisis; Sir Josiah Stamp covered its domestic aspects; Mr. Keynes examined the immediate problem of the way out; Sir Basil Blackett dealt with the subject from the long view; Professor Clay dealt with the non-monetary aspects of the crisis; and Sir William Beveridge summed up the five preceding lectures. Although in many ways the lectures overlapped and the lecturers disagreed, the book has none the less unity and a common purpose.

INCOME TAX LAW PRACTICE AND ADMINISTRATION. By F. F. SHARLES, W. J. ECCOTT, R. P. CROOM-JOHNSON and L. C. GRAHAM-DIXON. (London, 1932. Sir Isaac Pitman and Sons. Price 84s.)

HERE is at last something which was regarded up to now as being outside the realms of reality: a perfect guide in the maze of our income tax system. The joint authors have, indeed, accomplished the impossible, and have produced an excellent reference book for the use of those concerned with that highly complicated subject —which means everybody. For the banker especially, the book can provide extremely valuable assistance in solving his frequent problems relating to the technicalities of income tax. Although the two volumes contain some 1,430 pages, thanks to the excellent index the huge material can be handled easily even by those who do not possess any specialized knowledge of the subject. Volume I contains a complete survey of the system as it stands to-day, while Volume II gives the text of income tax legislation and a large collection of cases. Both volumes are in loose-leaf binding, and the publishers have made arrangements for notifying subscribers as to future changes in law and practice, thus enabling them to keep the book up to date.

DICTIONARY OF BANKING. By WILLIAM THOMSON. With a Section on the Irish Land Laws in Relation to Banking. By C. H. H. FENNELL. Eighth Edition. (London, 1932. Sir Isaac Pitman & Sons. Price 30s.)

THE new edition brings the material up to date.

BANKING AND CURRENCY. By ERNEST SYKES. Seventh Edition. (London, 1932. Butterworth & Co. Price 5s.)

THIS popular book has been brought up to date, and a new chapter has been added covering the breakdown of the gold standard.

I FIGHT FOR COAL. By H. H. MERRETT. (London, 1932. Spottiswoode, Ballantyne & Co. Price 5s.)

THE book gives an alarming picture of the situation and outlook of the coal industry. It is an appeal for planned production and scientific selling. Its author, a man of practical experience, makes a number of suggestions well worth considering.

THE PINCH OF PLENTY. By ANN BERKELBACH and D. G. HUTTON. (London, 1932. Sidgwick and Jackson. Price 3s. 6d.)

THE main conclusion of this book is that, while national action can be used as a palliative, it does not remove the root causes of the crisis; only international action can do that.

STOCK MARKET FORCES. By F. W. H. CAUDWELL and SIR ELLIS A. ELLIS-GRIFFITH. (London, 1932. Methuen & Co. Price 5s.)

THE authors deal in simple language with the factors responsible for the movement of security prices.

George Allen & Unwin

Money Power

By FRED HENDERSON 6s.

A new book on economics, by the author of "Economic Consequences of Power Production."

"Far and away the most stimulating essay in constructive social thinking. . . . It holds the secret of our social salvation."—*Daily Herald.*

The Twelfth Hour of Capitalism

By KUNO RENATUS 7s. 6*d.*

The author's thesis is that the present economic crisis is due not only to the paying of reparations, but to the burden of interest being paid one way or another on the money sunk unproductively in the war.

A NEW TWO-VOLUME WORK OF REFERENCE COMBINING A FREE THREE-YEAR SERVICE OF SUPPLEMENTARY INFORMATION.

NOW READY.

INCOME TAX LAW, PRACTICE, AND ADMINISTRATION

By F. F. SHARLES, F.S.A.A., R. P. CROOM-JOHNSON, LL.B., K.C., L. C. GRAHAM-DIXON, Barrister-at-Law, and W. J. ECCOTT, formerly one of H.M. Principal Inspectors of Taxes.

FOR THREE YEARS following date of publication all purchasers of this loose-leaf work of reference will be supplied with supplementary pages relating to changes in law and practice during that period. This service is free of charge, and is extended to all subscribers who register for this purpose. Full details post free.

2 Volumes 1,432 pp. **£4:4: net** Detailed 12 pp. prospectus free on request.

Of a bookseller or

SIR ISAAC PITMAN & SONS, LTD.,
Parker Street - - Kingsway, W.C.2

THE SCOTTISH INVESTMENT TRUST COMPANIES

By

GEORGE GLASGOW

Mr. Glasgow's volume on "The English Investment Trust Companies," published last year, quickly established itself as the standard work on the subject. So well was it received that the same author has now prepared a companion volume on the Scottish Investment Trust Companies.

The method of presentment follows exactly the same lines as before. Part I of the book is devoted to a general review of the Scottish companies, with special reference to the characteristics which distinguish them from the English companies. Part II contains the statistical record of seventy-one companies classified into the three categories of pre-Baring, pre-war, and post-war companies.

In all cases the statistics are complete from 1910 up to the present year, whence the reader may obtain at a glance a concise, but complete knowledge of how the companies negotiated both the slump and the boom periods that elapsed in that time.

Royal 8vo. With over 70 full-page tables. Price 50/- net.

EYRE AND SPOTTISWOODE
6 GREAT NEW STREET, LONDON, E.C.4

Table I GOLD HOLDINGS OF

(IN MILLIONS OF £)

	ENGLAND[2]	U.S.A.	FRANCE	BELGIUM	NETHERLANDS	DENMARK	NORWAY	SWEDEN	GERMANY
									Total
1929									
JANUARY ..	154·2	540·8	263·1	25·8	35·9	9·5	8·1	13·0	133·6
APRIL ..	155·8	570·2	275·3	26·0	34·9	9·5	8·1	12·9	126·3
JULY ..	154·4	596·3	295·2	28·8	36·7	9·5	8·1	12·9	97·6
OCTOBER ..	131·7	619·0	320·2	29·3	36·6	9·5	8·1	13·3	108·3
1930									
JANUARY ..	150·5	601·9	341·8	33·6	37·0	9·5	8·1	13·5	111·8
APRIL ..	156·2	620·9	341·0	33·8	35·7	9·5	8·1	13·4	124·5
JULY ..	156·3	615·1	355·6	34·3	35·7	9·5	8·1	13·3	128·2
OCTOBER ..	155·6	611·0	395·3	36·2	32·7	9·5	8·1	13·3	119·6
1931									
JANUARY ..	145·9	604·3	432·6	39·2	35·2	9·5	8·1	13·3	108·5
APRIL ..	144·5	640·1	451·6	41·1	36·8	9·5	8·1	13·2	114·7
MAY ..	147·5	651·8	447·8	41·3	37·2	9·5	8·1	13·2	116·0
JUNE ..	151·9	669·7	450·3	41·4	37·2	9·5	8·1	13·2	112·6
JULY ..	163·3	701·1	452·7	41·0	41·1	9·5	8·1	13·1	69·6
AUGUST ..	133·5	704·6	471·4	44·7	49·8	9·5	8·1	13·1	66·8
SEPTEMBER	134·3	712·1	471·5	46·4	54·3	9·5	8·1	12·6	66·9
OCTOBER ..	134·8	644·9	481·5	71·3	58·0	9·0	8·0	10·9	63·7
NOVEMBER	135·7	562·8	520·5	73·4	70·7	9·0	9·5	11·7	56·0
DECEMBER	120·7	645·2	546·2	73·1	74·4	7·9	8·7	11·3	49·2
1932									
JANUARY ..	120·7	613·9	554·4	72·8	73·3	7·9	8·5	11·3	48·2
FEBRUARY	120·8	610·4	576·6	72·4	71·5	8·1	8·5	11·3	46·4
MARCH ..	120·8	603·9	609·8	72·0	72·6	8·0	8·5	11·3	45·4
APRIL ..	120·8	620·1	618·2	71·8	73·2	8·0	8·5	11·3	43·0
MAY ..	120·8	619·4	626·9	72·1	75·2	8·0	8·5	11·3	42·0

[1] The figures are taken from the

[2] Excluding a small amount held in

[3] Gold and silver holdings.

Table II CREDIT AND CURRENCY (millions of £)

	CLEARING BANKS[1]			BANK OF ENGLAND[2]				
	Deposits	Cash	Advances	Other Deposits		Government Securities in Banking Department	Reserve[3]	Notes in Circulation[4]
				Total	Bankers' Balances			
1929								
JANUARY ..	1,809·3	198·0	956·1	105·0	67·6	55·1	49·8	363·9
APRIL ..	1,743·2	188·5	985·8	99·0	62·6	51·2	55·3	360·4
JULY ..	1,778·2	189·9	985·9	101·9	65·0	47·3	43·2	368·9
OCTOBER ..	1,764·5	189·2	973·7	101·4	63·6	72·2	31·4	360·7
1930								
JANUARY ..	1,767·5	192·0	969·1	111·8	75·5	64·9	53·5	355·8
APRIL ..	1,712·0	187·2	968·2	101·7	65·2	57·1	60·6	359·8
JULY ..	1,749·0	191·2	950·4	107·0	70·3	52·4	49·8	365·0
OCTOBER ..	1,791·0	188·7	922·3	95·9	61·0	42·2	60·6	357·2
1931								
JANUARY ..	1,835·9	194·6	907·4	97·7	64·4	48·8	51·4	351·7
APRIL ..	1,698·1	175·4	923·8	91·9	56·6	32·0	51·9	353·7
MAY ..	1,699·8	176·3	917·9	92·4	58·1	33·3	55·5	353·9
JUNE ..	1,744·4	184·3	906·6	102·3	68·7	33·2	63·8	353·9
JULY ..	1,750·3	180·7	896·7	103·1	69·3	36·3	56·3	358·1
AUGUST ..	1,708·3	176·9	892·4	98·5	59·3	50·4	50·7	357·5
SEPTEMBER	1,675·4	170·7	895·0	111·5	60·2	56·7	55·8	354·1
OCTOBER ..	1,687·8	172·9	894·4	120·4	68·3	56·5	53·6	356·8
NOVEMBER ..	1,670·1	170·1	884·6	98·8	60·2	55·1	39·4	356·3
DECEMBER ..	1,700·2	181·1	884·0	166·7*	126·4*	95·3*	31·6*	364·2*
1932								
JANUARY ..	1,677·1	176·9	889·3	112·5	74·3	45·3	49·9	345·9
FEBRUARY ..	1,621·4	169·8	886·2	100·1	67·9	33·7	49·4	346·4
MARCH ..	1,639·1	171·0	886·0	88·9	54·6	35·7	35·3	360·5
APRIL ..	1,643·2	170·2	864·8	93·6	58·3	62·6	43·0	352·8

[1] Average weekly balances, nine banks. [2] Average of four or five weekly returns. [3] The figures prior to amalgamation of note issues (Nov. 22, 1928) are not comparable with those succeeding. (See "A Banker's Diary," Dec. 1928 issue.) [4] Prior to November 1928, "adjusted" total of bank-note and currency note circulations.

* Since December, 1931, figures relate to last Wednesday in each month.

CENTRAL BANKS [1] Table I—*cont.*

RUSSIA	POLAND	[3] CZECHO-SLOVAKIA	AUSTRIA	HUNGARY	ITALY	SWITZERLAND	SPAIN	JAPAN	ARGENTINA	
									Conversion Office	Banco de la Nacion
18·9	14·3	7·3	4·9	7·2	54·6	20·5	101·5	108·8	105·2	
19·0	14·4	7·3	4·9	7·3	55·4	19·1	101·5	109·0	96·1	
20·1	14·5	7·3	4·9	6·3	55·8	19·7	101·6	108·8	92·1	
29·2	15·7	7·5	4·9	5·8	56·0	21·1	101·7	108·8	90·0	
30·2	16·1	7·7	4·9	5·8	56·1	23·6	101·7	107·3	87·9	1·3
33·2	16·2	7·7	4·9	5·8	56·3	22·2	97·9	91·7	87·9	1·3
41·7	16·2	8·0	4·9	5·8	56·3	22·9	98·0	90·2	87·9	1·3
51·2	13·0	8·7	6·2	5·8	57·2	25·4	98·2	85·1	87·3	0·9
51·1	13·0	9·4	6·2	5·8	57·3	28·4	96·7	85·4	84·5	0·3
53·2	13·0	9·4	6·2	4·5	57·4	25·5	96·0	85·9	77·4	0·4
53·3	13·1	9·4	6·2	4·0	57·5	25·5	96·1	86·6	67·5	0·3
53·8	13·0	9·4	6·2	4·0	57·5	25·9	96·1	86·8	66·9	0·3
53·7	13·3	9·4	6·2	4·0	58·1	33·4	96·3	87·3	64·7	0·3
54·9	13·1	9·3	6·2	3·8	58·1	47·2	90·2	84·7	62·3	0·3
57·5	13·1	9·3	6·2	3·8	58·1	47·1	90·2	83·4	61·4	0·3
60·2	13·3	9·3	5·5	3·8	58·9	67·4	90·3	82·3	57·1	0·3
63·5	13·7	9·4	5·5	3·8	60·3	86·7	89·1	70·3	53·6	0·2
64·8	13·8	9·5	5·5	3·8	60·8	87·3	89·1	57·1	53·3	0·2
67·4	13·8	10·0	5·5	3·7	60·9	93·1	89·1	48·1	51·8	0·2
67·5	13·8	10·0	5·2	3·6	60·9	97·0	89·1	43·2	51·6	0·2
67·6	14·0	10·0	5·2	3·6	60·9	99·0	89·2	44·1	51·0	
67·7	13·2	10·0	5·2	3·6	60·9	96·7	89·3	44·0	51·0	
68·0	13·2	10·0	5·2	3·6	60·9	96·7	89·3	44·0	51·0	

on or nearest the first of the month.
Banking Department.

Table III GOLD MOVEMENTS

	BANK OF ENGLAND	UNITED KINGDOM			UNITED STATES			TRANSVAAL GOLD OUTPUT at 85/- per fine ounce
	Net Influx (+) or Efflux (−) £ millions	Imports £ millions	Exports £ millions	Net Imports (+) or Exports (−) £ millions	Imports $ millions	Exports $ millions	Net Imports (+) or Exports (−) $ millions	£ millions
1929								
JANUARY ..	− ·2	2·4	5·7	− 3·3	48·6	1·4	+47·2	3·7
APRIL ..	+ 4·7	3·3	·8	+ 2·5	24·7	1·6	+23·1	3·7
JULY ..	−14·3	4·6	20·6	−16·0	35·5	·8	+34·7	3·8
OCTOBER ..	+ 1·3	5·9	5·5	+ ·4	21·3	3·8	+17·5	3·8
1930								
JANUARY ..	+ 4·0	8·6	3·3	+ 5·3	12·9	8·9	+ 4·0	3·8
APRIL ..	+ 6·6	8·8	3·0	+ 5·8	65·8	0·1	+65·7	3·7
JULY ..	− 3·8	5·1	8·3	− 3·2	21·9	42·5	−20·6	3·9
OCTOBER ..	+ 4·8	9·3	7·1	+ 2·2	35·6	9·3	+26·3	3·9
1931								
JANUARY ..	− 7·5	7·3	16·2	− 8·9	34·4	—	+34·4	3·9
MARCH ..	+ 2·5	4·7	3·4	+ 1·3	25·7	—	+25·7	3·9
APRIL ..	− 2·7	5·9	0·9	+ 5·0	49·5	—	+49·5	3·7
MAY ..	+ 4·7	4·3	0·3	+ 4·0	50·9	0·6	+49·7	3·9
JUNE ..	+ 9·8	13·8	2·6	+11·2	63·9	—	+63·9	3·8
JULY ..	−31·7	10·0	36·8	−26·9	20·5	1·0	+19·5	3·9
AUGUST ..	+ 1·1	8·2	13·2	− 5·0	57·5	—	+57·5	3·9
SEPTEMBER ..	− 1·0	4·8	7·0	− 2·2	49·3	28·7	+20·6	3·9
OCTOBER ..	—	8·6	5·3	+ 3·3	60·9	398·6	−337·7	4·0
NOVEMBER ..	−15·0	12·0	24·1	−12·1	94·4	5·0	+89·4	3·8
DECEMBER ..	—	12·5	17·1	− 4·6	89·5	32·7	+56·8	3·9
1932								
JANUARY ..	—	17·1	21·5	− 4·4	32·9	107·5	−75·0	4·0
FEBRUARY ..	—	16·1	17·6	− 1·5	37·6	128·2	−90·6	3·9
MARCH ..	—	13·0	12·7	+ 0·3				4·1
APRIL ..	—	12·2	5·5	+ 6·7				4·0

Table IV MONEY

Week ending	LONDON Bank Rate Per cent.	Day to Day Loan Rate Per cent.	Discount Rates Bank Bills 3 months Per cent.	Fine Trade Bills 3 months Per cent.	Treasury Bills Weekly Tender Rate Per cent. £ s. d.	Amount Offered £ millions	Amount Applied for £ millions
1931							
December 5 ..	6	4 5/16	5⅞	6¾	5 12 0·76	45	49·7
,, 11* ..	6	4	5⅞	6¾	5 12 2·91	40	45·9
,, 18 ..	6	4⅜	5⅞	6¾	5 13 1·65	40	42·4
,, 24 ..	6	4	5⅞	6¾	5 10 2·56	40	56·1
,, 31 ..	6	4½	5 13/16	6¾	5 8 4	40	50·3
1932							
January 8 ..	6	4½	5 13/16	6¾	5 5 9·97	35	59·5
,, 15 ..	6	4⅜	5⅝	6¾	4 17 11·5	30	39·5
,, 22 ..	6	4⅜	5 7/16	6¾	4 14 6·63	30	40·0
,, 29 ..	6	4	5⅛	6¾	4 7 6·99	30	42·8
February 5 ..	6	4¼	5	6¾	4 6 1·80	30	34·2
,, 12 ..	6	4	5⅛	6¾	4 15 7	30	35·2
,, 19 ..	5	3¼	4⅛	5¼	3 19 4·09	35	59·1
,, 26 ..	5	3⅛	3⅞	5¼	3 5 5·22	40	61·6
March 4 ..	5	2¾	3	5¼	2 9 9·95	40	52·6
,, 11 ..	4	2¾	2⅝	4¼	2 11 5·55	45	71·5
,, 18 ..	3½	2	2 5/16	3¾	2 1 2·17	45	74·0
,, 24 ..	3½	2	2 5/16	3¾	1 16 11·39	45	60·3
April 1 ..	3½	2⅛	2 7/32	3¾	2 3 3·73	45	61·9
,, 8 ..	3½	2	2 7/16	3¾	2 8 4·75	45	76·2
,, 15 ..	3½	2	2 7/32	3¾	2 1 11·60	40	78·2
,, 22 ..	3	1¾	2 7/32	3¼	1 16 3·92	35	76·5
,, 29 ..	3	1¾	2 1/32	3¼	1 17 1·81	40	71·4
May 6 ..	3	1½	1 13/16	3¼	1 10 11·36	35	62·1
,, 13 ..	2½	1¼	1 9/32	2¾	0 19 6·62	35	50·7
,, 20 ..	2½	1⅛	1 5/16	2¾	0 19 6·35	35	53·8

All figures given above are the rates

Table V FOREIGN

DAILY

	NEW YORK $ to £	MONTREAL $ to £	PARIS Fr. to £	BRUSSELS Belga to £	MILAN Lire to £	ZURICH[3] Fr. to £	MADRID P'tas to £
PAR OF EXCHANGE.. ..	*4·86⅔*	*4·86⅔*	*124·21*[1]	*35·00*	*92·46*[2]	*25·2215*	*25·2215*
1929							
January	4·8503	4·8619	124·08	34·898	92·67	25·207	29·751
April	4·8534	4·8887	124·21	34·950	92·70	25·215	32·928
July	4·8511	4·8766	123·88	34·911	92·74	25·219	33·451
October	4·8698	4·9243	123·89	34·874	92·99	25·176	33·586
1930							
January	4·8697	4·9222	123·91	34·947	93·05	25·162	37·017
April	4·8635	4·8654	124·11	34·842	92·777	25·095	38·946
July	4·8656	4·8622	123·67	34·810	92·879	25·044	42·203
October	4·8591	4·8538	123·85	34·845	92·804	25·020	47·141
1931							
January	4·8551	4·8645	123·81	34·815	92·739	25·076	46·640
April	4·8599	4·8621	124·28	34·950	92·815	25·235	47·015
May	4·8641	4·8666	124·24	34·956	92·910	25·220	48·840
June	4·8649	4·8775	124·23	34·940	92·937	25·078	50·516
July	4·8566	4·8729	123·82	34·818	92·865	24·994	52·018
August	4·8576	4·8724	123·91	34·845	92·874	24·946	55·685
September	4·5412	4·6981	115·84	32·609	88·009	23·195	50·766
October	3·8887	4·3700	98·66	27·794	75·352	19·823	43·366
November	3·7193	4·1767	94·83	26·717	72·173	19·095	43·182
December	3·3725	4·0658	85·90	24·218	65·969	17·303	40·138
1932							
January	3·4303	4·0377	87·11	24·689	68·017	17·582	40·809
February	3·4575	3·9657	87·80	24·794	66·779	17·725	44·480
March	3·6281	4·0536	92·21	26·075	70·765	18·753	47·695
April	3·7520	4·1716	95·12	26·778	72·840	19·299	48·788

---

[1] The old parity of 25·2215

[2] The old parity of 25·2215

[3] Berne until November 1929.

[4] Average Oct. 1 to Oct.

RATES

Table IV—*cont.*

NEW YORK			PARIS		BERLIN		AMSTERDAM	
Bank Rate	Market Discount Rate	Call Money	Bank Rate	Market Discount Rate	Bank Rate	Market Discount Rate	Bank Rate	Market Discount Rate
Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
3½	3 1/16	2½	2½	2	8	8	3	1 3/16
3½	3 1/16	2½	2½	2	7	7	3	1 3/16
3½	3 1/16	2½	2½	1⅞	7	7	3	2
3½	3 1/16	3	2½	2	7	7	3	3
3½	3 1/16	3½	2½	2¼	7	7	3	2⅛
3½	3 1/16	2½	2½	2	7	7	3	2
3½	2 15/16	2½	2½	2	7	7	3	2⅞
3½	2 15/16	2½	2½	2⅛	7	7	3	2⅞
3½	2 15/16	2½	2½	2⅛	7	7	3	2⅝
3½	2 15/16	2½	2½	2⅛	7	6⅞	3	2¼
3½	2 15/16	2½	2½	2⅛	7	6¾	3	2
3	2 13/16	2½	2½	2⅛	7	6⅝	3	2⅛
3	2 11/16	2½	2½	2	7	6⅝	3	1 7/16
3	2 11/16	2½	2½	2 1/16	7	6⅝	3	1¼
3	2 11/16	2½	2½	2	6	6	3	1⅜
3	2 9/16	2½	2½	2	6	6	3	1⅜
3	2 7/16	2½	2½	2	6	6	3	1 5/16
3	2 3/16	2½	2½	2	6	5⅛	3	1¼
3	2 1/16	2½	2½	2	6	6	3	1
3	1 3/16	2½	2½	1¾	5½	5	3	1
3	15/16	2½	2½	1¾	5½	5	2½	1
3	15/16	2½	2½	1⅞	5	4⅞	2½	1
3	1 3/16	2½	2½	1⅞	5	4⅞	2½	15/16
3	15/16	2½	2½	1¼	5	4⅞	2½	15/16
3	13/16	2½	2½	1¼	5	4⅞	2½	⅞

ruling on Friday of each week.

EXCHANGES

Table V—*cont.*

AVERAGES

AMSTERDAM	BERLIN	PRAGUE	WARSAW	STOCKHOLM	BOMBAY	KOBE	RIO DE JANEIRO	BUENOS AIRES
Fl. to £	Rmk. to £	Kronen to £	Zloty to £	Kr. to £	d. per Rupee	d. per Yen.	d. per Milreis.	d. per Gold Peso.
12·107	*20·43*	*164·25*	*43·38*	*18·159*	*18*	*24·58*	*5·8997*	*47·619*
12·091	20·402	163·83	43·313	18·138	18·06	22·55	5·905	47·41
12·090	20·475	163·89	43·313	18·173	17·96	22·08	5·869	47·28
12·086	20·359	163·87	43·308	18·098	17·82	22·54	5·873	47·23
12·098	20·397	164·42	43·418	18·141	17·87	23·58	5·860	46·82
12·102	20·387	164·56	43·398	18·136	17·93	24·25	5·525	45·04
12·098	20·375	164·17	43·416	18·092	17·86	24·38	5·743	43·71
12·093	20·383	164·06	43·382	18·097	17·82	24·39	5·368	40·50
12·061	20·412	163·78	43·375	18·095	17·82	24·52	(4)5·119	38·49
12·066	20·419	163·91	43·312	18·138	17·78	24·48	4·461	34·49
12·106	20·409	164·06	43·375	18·148	17·85	24·41	3·618	37·68
12·103	20·433	164·12	43·382	18·143	17·86	24·41	3·330	34·91
12·088	20·497	164·19	43·375	18·143	17·85	24·39	3·730	34·72
12·056	20·967	164·01	43·412	18·145	17·81	24·40	3·579	33·61
12·046	20·573	163·98	43·375	18·158	17·77	24·41	3·151	31·93
11·263	19·365	153·43	37·458	17·501	17·77	26·19	3·162	31·81
9·630	16·702	130·68	34·646	16·811	17·88	30·07	3·502	32·03
9·264	15·683	125·22	32·990	17·947	18·13	31·79	3·960	37·74
8·375	14·250	113·49	30·250	18·014	18·13	32·55	4·286	40·84
8·541	14·484	115·75	30·690	17·867	18·13	25·27	4·290	40·08
8·555	14·534	116·64	30·790	17·925	18·14	24·11	4·185	39·68
9·008	15·246	122·43	32·370	18·298	18·15	21·43	4·058	38·78
9·263	15·788	126·40	33·510	19·643	18·04	21·10	4·184	38·60

abandoned as from June 25, 1928.
abandoned as from December 22, 1927.

Banks closed during remainder of month.

Table VI BRITISH TRAD

	COAL		PIG-IRON (1)		STEEL (1)
	Production Millions of Tons	Exports (including Coke) Millions of Tons	Number of Furnaces in Blast at end of month	Production Thousands of Tons	Production Thousands of Tons
1929					
JANUARY	22·4	4·9	139	564	765
APRIL	20·9	5·0	152	611	809
JULY	21·1	6·3	167	672	805
OCTOBER	23·0	6·2	166	689	890
1930					
JANUARY	23·8	5·9	159	650	771
APRIL	19·7	4·6	151	620	696
JULY	18·7	4·9	105	486	621
OCTOBER	21·0	5·1	96	415	512
1931					
JANUARY	19·2	3·6	83	337	402
APRIL	18·6	3·6	78	323	397
MAY	17·3	3·6	80	346	435
JUNE	17·8	3·9	76	324	429
JULY	17·1	3·7	70	317	429
AUGUST	16·1	3·5	64	276	357
SEPTEMBER	18·0	3·9	62	248	400
OCTOBER	19·7	4·3	66	284	457
NOVEMBER	18·6	3·9	70	296	459
DECEMBER	19·6	3·9	70	331	425
1932					
JANUARY	18·7	3·6	76	330	430
FEBRUARY	18·5	3·5	71	324	481
MARCH	18·8	3·1	72	336	463
APRIL	18·4	3·8	69	317	433

(1) Returns issued

Table VI BRITISH TRADE AND INDUSTRY—*cont.*

	OVERSEAS TRADE			BANK CLEARINGS[1]				UNEMPLOYMENT		
	Imports £ millions	Exports £ millions	Re-exports £ millions	London "Country"[2] £ millions	Provincial £ millions	Total £ millions	*Comparative Total*[3] *£ millions*	Percentage of insured persons unemployed	Numbers on Live Register[4] 000's omitted	Index of Production (Quarterly)[5] 1924 = 100
1929										
JANUARY ..	116·1	66·9	9·8	10·4	5·5	15·9	*19·1*	12·3	1,427	108·3
APRIL ..	104·2	60·2	10·4	10·5	5·3	15·8	*19·0*	9·9	1,159	111·0
JULY ..	93·6	66·5	8·0	10·3	5·4	15·7	*19·0*	9·9	1,140	108·2
OCTOBER ..	110·3	64·6	9·1	10·3	5·1	15·5	*18·9*	10·4	1,218	114·8
1930										
JANUARY ..	101·9	58·3	8·2	10·4	5·0	15·4	*19·5*	12·6	1,481	109·6
APRIL ..	83·9	46·9	7·8	10·4	4·7	15·1	*20·3*	14·6	1,678	100·9
JULY ..	85·2	50·7	6·7	10·0	4·3	14·3	*19·9*	16·7	1,964	90·7
OCTOBER ..	90·9	46·9	7·2	9·6	4·0	13·5	*19·9*	18·7	2,200	92·7
1931										
JANUARY ..	75·6	37·6	6·0	9·9	4·2	14·2	*22·1*	21·5	2,614	85·1
MARCH ..	70·7	34·0	5·4	8·9	4·1	13·0	*20·4*	21·5	2,625	
APRIL ..	70·0	32·5	6·6	9·5	3·9	13·4	*21·1*	20·9	2,532	80·6
MAY ..	69·6	33·9	5·7	9·1	3·9	13·0	*20·7*	20·8	2,523	
JUNE ..	68·6	29·4	6·0	8·5	3·7	12·3	*19·8*	21·8	2,629	
JULY ..	70·1	34·3	4·9	9·1	4·0	13·1	*21·3*	22·6	2,664	81·1
AUGUST ..	65·3	29·1	3·8	8·8	3·8	12·6	*21·0*	22·7	2,732	
SEPTEMBER	68·3	29·8	3·8	8·0	3·3	11·3	*18·9*	22·6	2,807	
OCTOBER ..	80·7	32·8	5·3	9·0	4·1	13·1	*20·9*	21·9	2,756	90·5
NOVEMBER	83·2	31·9	5·0	8·8	3·9	12·7	*19·8*	21·4	2,656	
DECEMBER	77·0	32·1	5·5	9·2	4·0	13·2	*20·7*	20·9	2,510*	
1932										
JANUARY ..	62·3	31·1	5·2	9·6	4·2	13·8	*21·7*	22·4	2,728	91·4
FEBRUARY ..	70·2	30·0	5·5	8·7	4·1	12·8	*20·0*	22·0	2,701	
MARCH ..	61·1	31·2	5·4	8·9	4·3	13·2	*21·0*	20·8	2,567	
APRIL ..	53·5	34·8	4·6	9·0	4·0	13·0	*21·1*	21·4	2,652	

---

[1] Daily averages. [2] "Country" clearings at London Clearing House. [3] Total clearings (London "Country" and Provincial) adjusted, for comparative purposes, by application of Board of Trade index number of wholesale prices (1924 = 100). [4] Average of four or five weekly returns. [5] Reprinted by courtesy of the London and Cambridge Economic Service.

* Since December, 1931, figures published monthly.

AND INDUSTRY

Table VI—*cont.*

IRON & STEEL & MANUFACTURES THEREOF		MACHINERY		COTTON		WOOL		
Imports	Exports	Imports	Exports	Exports of Yarns	Exports of Piece Goods	Exports of Tops	Exports of Wool and Worsted Yarns	Exports of Wool and Worsted Tissues
Thousands of Tons	Thousands of Tons	£ thousands	£ thousands	Millions of Lbs.	Millions of Sq. Yds.	Millions of Lbs.	Millions of Lbs.	Millions of Sq. Yds.
244	421	1,627	5,078	16·9	379·3	3·1	3·6	18·6
262	340	1,574	4,151	13·1	349·4	2·4	3·0	9·5
237	376	1,687	5,066	15·0	355·4	2·2	5·1	17·5
248	390	1,724	4,803	13·5	265·8	3·3	4·5	11·1
310	352	1,514	4,456	13·2	313·2	2·7	3·7	14·1
234	268	1,699	3,861	11·5	217·0	2·4	3·0	7·0
199	303	1,415	4,440	11·0	197·4	2·7	3·2	10·1
264	264	1,499	4,128	11·7	150·3	3·1	3·6	8·7
222	167	1,181	3,280	11·3	155·6	2·4	2·4	10·4
193	188	1,216	2,843	10·8	135·2	2·8	2·4	5·0
228	168	1,305	2,880	10·7	141·5	2·5	2·7	5·2
246	163	1,212	2,442	9·6	132·8	1·6	2·6	6·1
231	168	1,227	2,693	11·3	177·3	2·5	3·5	6·6
202	144	1,051	2,174	11·2	143·8	1·7	3·1	7·9
220	139	1,042	2,448	9·0	128·5	1·8	3·7	6·8
276	159	1,698	2,792	12·8	143·1	2·6	4·0	6·7
379	196	1,725	2,811	11·8	126·0	2·5	3·4	6·3
267	175	1,304	2,929	14·9	149·7	2·9	3·0	7·5
170	167	925	2,701	16·4	179·9	3·4	3·4	8·5
252	140	1,539	2,570	13·3	180·5	4·0	2·8	7·6
130	166	868	2,651	13·9	202·6	4·0	2·7	6·6
145	180	769	3,210	13·9	199·3	3·6	2·9	6·3

the National Federation of Iron and Steel Manufacturers.

Table VII COMMODITY PRICES

	UNITED KINGDOM			U.S.A.	GERMANY		FRANCE		ITALY[2]	
	Wholesale		Cost of Living (Ministry of Labour)[1] July 1914 = 100	Wholesale (Department of Labor)	Wholesale Statistisches Reichsamt	Cost of Living (Statistisches Reichsamt) 1913/14 = 100	Wholesale (Statistique Générale)	Cost of Living (Statistique Générale) July 1914 = 100	Wholesale	Cost of Living (Jan.-July) 1914 = 100
	Board of Trade 1913 = 100	"Economist" 1913 = 100		1913 = 100	1913 = 100		1913 = 100		1913 = 100	
1929										
JANUARY ..	138·3	130·3	165	139·3	138·9	153·1	630·6	547	134·7	148
APRIL ..	138·8	129·3	161	138·7	137·1	153·6	626·7	556	133·8	150
JULY ..	137·4	128·9	163	140·4	137·8	154·4	613·0	555	129·5	148
OCTOBER ..	136·1	124·1	167	138·0	137·2	153·5	589·5	565	127·6	149
1930										
JANUARY ..	131·0	118·5	164	133·8	132·3	151·6	563·5	565	123·0	150
APRIL ..	123·7	112·3	155	129·9	126·7	147·4	548·4	572	116·6	146
JULY ..	119·2	106·8	157	120·3	125·1	149·3	537·6	592	109·0	145
OCTOBER ..	113·0	99·6	157	118·3	120·2	145·4	508·2	597	104·9	143
1931										
JANUARY ..	106·9	91·3	152	(*a*) 112·8	115·2	140·4	483·7	590	98·2	133
APRIL ..	105·7	90·0	147	107·2	113·7	137·2	483·7	589	95·8	135
MAY ..	104·4	87·5	145	104·9	113·3	137·3	470·1		94·2	134
JUNE ..	103·2	87·5	147	103·3	112·3	137·8	467·1		92·1	133
JULY ..	102·2	86·0	145	103·2	111·7	137·4	456·3	565	91·5	132
AUGUST ..	99·5	85·7	145	103·3	110·2	134·9	445·6		89·8	131
SEPTEMBER	99·2	89·6	145	102·0	108·6	134·0	427·9		88·9	130
OCTOBER ..	104·4	90·1	146	100·7	107·1	133·1	414·2	531	88·9	129
NOVEMBER ..	106·4	90·7	148	100·6	106·6	131·9	408·3		88·5	129
DECEMBER ..	105·8	90·6	147	98·3	103·7	130·4	404·4		86·8	129
1932										
JANUARY ..	105·8	90·0	147	96·4	100·0	124·5	405·4	534	85·9	128
FEBRUARY ..	105·3	92·2	146	95·0	99·8	122·3	412·3		87·0	128
MARCH ..	104·6	88·5	144	94·6	99·8	122·4	418·2		86·6	130
APRIL ..	102·4	86·3	143		98·4	121·7	415·2		87·0	131

---

[1] The indices, which are for the 1st of the month, are entered for the previous month to facilitate comparison.

[2] Gold index. (*a*) Revised index.

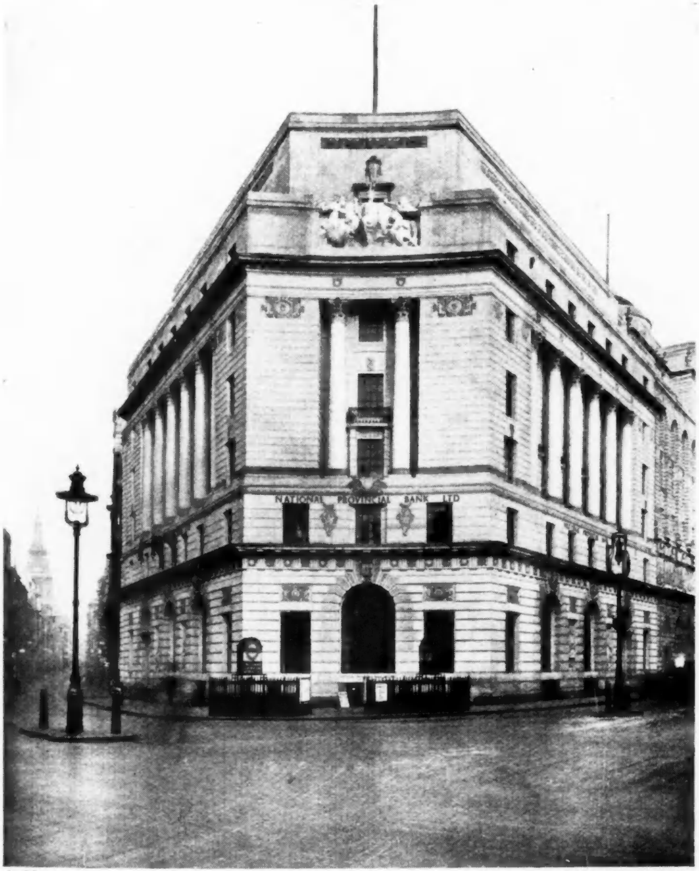
The Year's Banks

A Review of Bank Architecture during the last Twelve Months

By Professor C. H. Reilly

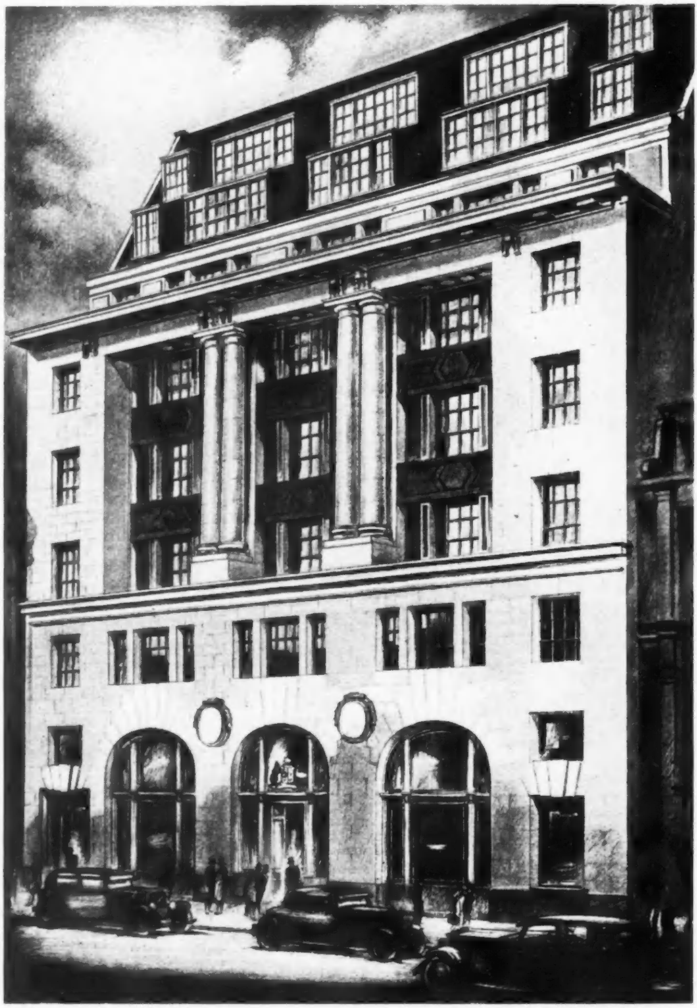
TURNING over the pages of the last twelve issues of THE BANKER and looking at the illustrations of new bank buildings which appear in the critical article at the end of each number, one gets the impression that while the branch banks all over the country are now much better buildings, simpler and more dignified than the becolumned Carnegie libraries and other pretentious little erections which so often did duty even five years ago, we have only arrived at this desirable condition by adopting almost unanimously the motives of the brick Georgian architecture which our great grandfathers invented for their lesser buildings. It may be argued in favour of this that these Georgian buildings were the last examples of an ordered architectural evolution which had been produced, by natural unforced changes through centuries of history, before the deluge of eclecticism descended upon us in the nineteenth century reviving in turn one out-of-date style after another, and that it is therefore but logical to pick up the thread at that particular point and carry forward the evolutionary process. The appeal of modern Swedish architecture in contrast to that of modern German architecture is based on a similar attitude, but with an important difference. It adopts for its main lines eighteenth-century proportions, but, within the dignified frame these provide, offers detail and decoration with a great deal of novelty and invention. In passing it may be mentioned that this is exactly in line with the result of the greatest of all architectural competitions ever held in this country, that for the new premises in Portland Place of the Royal Institute of British Architects, announced a few days ago. Chosen by a jury of five assessors, very carefully selected to represent the best opinion in the profession and in which several shades of thought were represented, out of the designs of two hundred and eighty-four competitors, the winning design by Mr. Grey Wornum is of a building eighteenth century in its main proportions, but full of novelty and charm in its detail.

Looking again over the year's illustrations, it is clear that with our banks the eighteenth-century proportions are there very strongly, but that the novelty in detail is generally wanting. A great deal of scholarship is evidenced, but little invention. In contrast, of course, with the vulgar, ignorant and flamboyant new buildings,



Architect] [*Sir Edwin Cooper*

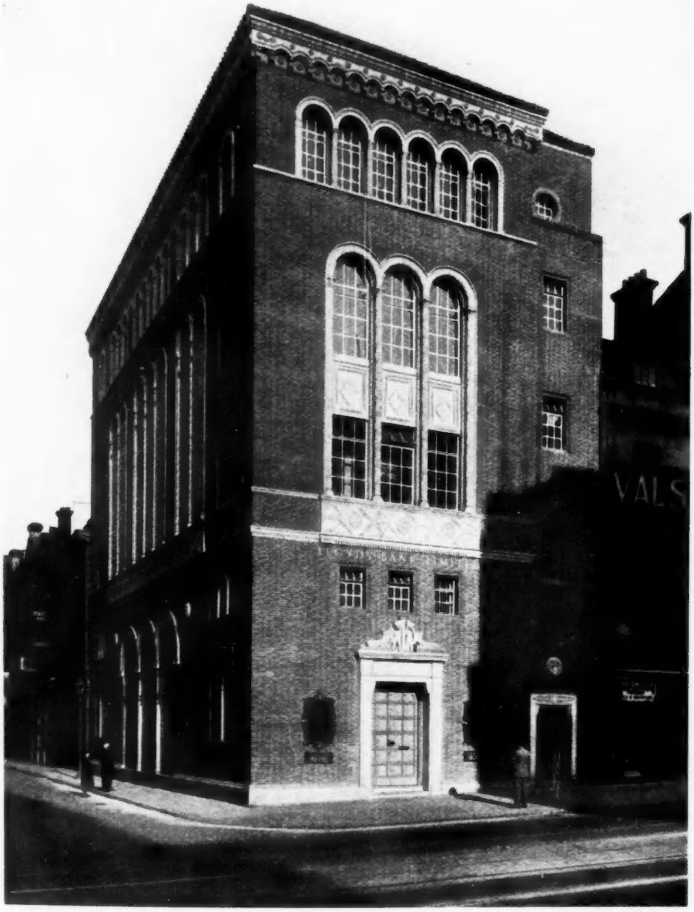
NATIONAL PROVINCIAL BANK, PRINCES STREET among which these banks mostly stand, it is a great thing to see the restraining hand of scholarship at work.



Architects] [*George & T. Vickery and J. J. Joass*

COMMONWEALTH BANK OF AUSTRALIA, OLD JEWRY

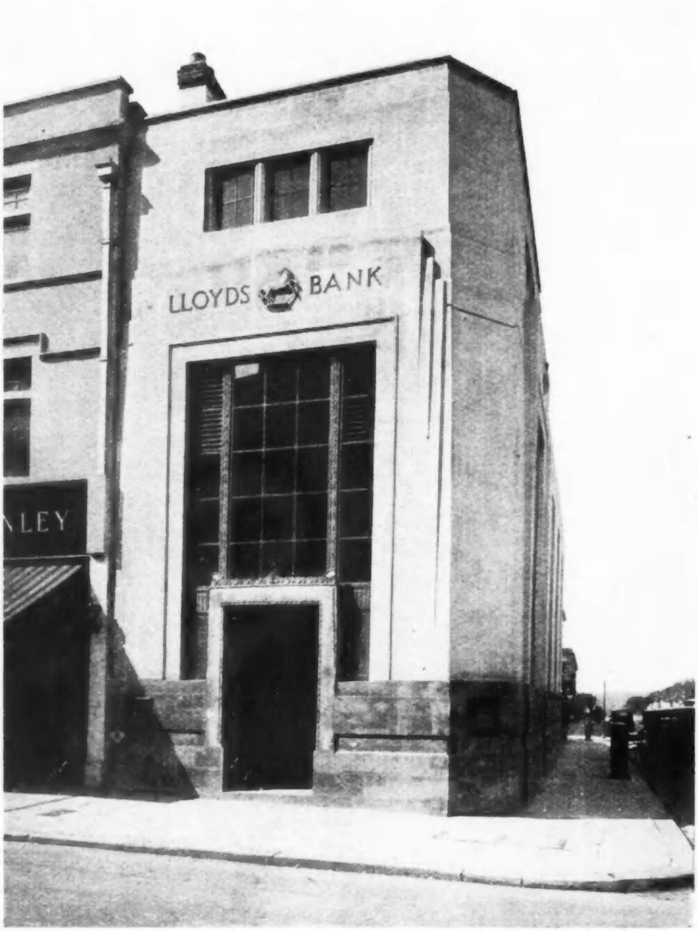
Last year's banks, no doubt, in every case score very heavily by this contrast, which gives to them a character very expressive of the conservative character of English finance. On the other hand, one cannot help having some regrets that the able and highly-trained architects



Architect] *[Herbert J. Rowse*

CHURCH STREET, LIVERPOOL BRANCH OF LLOYDS BANK

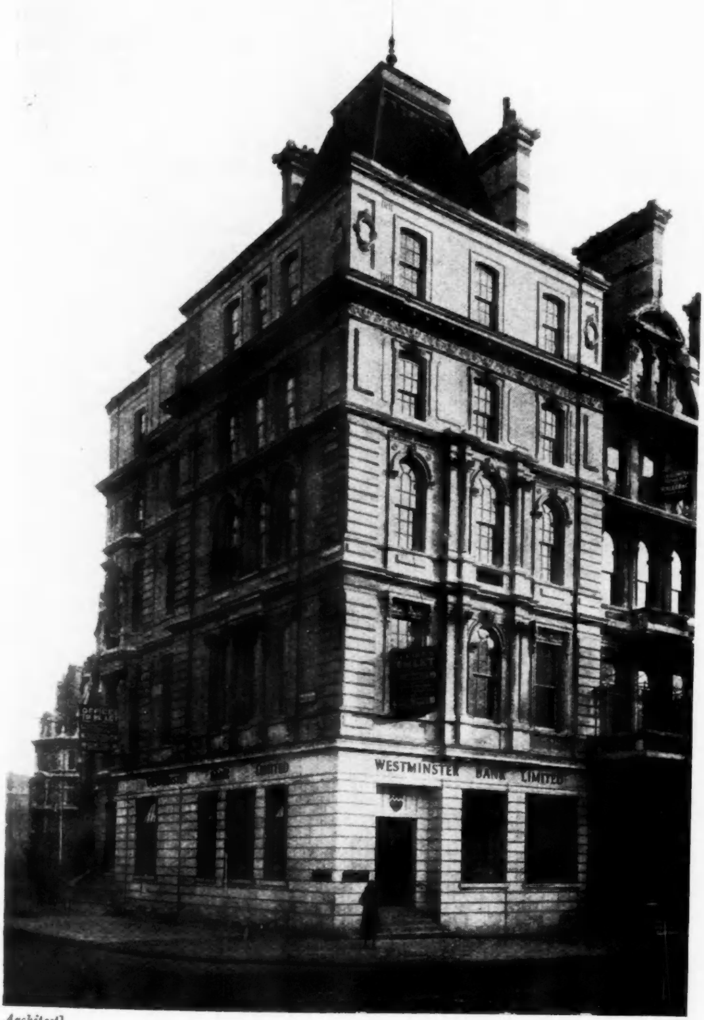
the banks now, as a rule employ, do not and are not encouraged by them to show a more adventurous spirit in the minor details, especially in those of the furniture and fittings. In the work of all really great architects, whether they are modernists or traditionalists, one always finds little exciting and pleasurable individual touches, the marks of the independent creative mind.



Architects] [*A. G. Johnson and F. N. Astbury*

THE ILFORD BRANCH OF LLOYDS BANK

One knows how in all Sir Edwin Lutyens's buildings, traditional as they are in their general character, there are delightful surprises at every turn. If the novelty only


WESTMINSTER BANK LIMITED

Architect] [*F. Etchells*

GROSVENOR GARDENS BRANCH, WESTMINSTER BANK took the form of making use of some of the numberless new and beautiful materials for the surfaces of floors, walls and fittings that would be something. It would make our bank buildings not only a better reflection of our time, but more efficient for their purpose, for most of these

Architects] [*Mewès and Davis*

WESTMINSTER BANK HEADQUARTERS, LOTHBURY FRONT

FROM JUNE 6th to 10th

A COMPLETE DISPLAY OF BUSINESS MACHINES AND METHODS

At Chesham House, 136, Regent Street, London, W.1

Bank directors and officials are invited to an important and complete Display of Business Machines and Methods, covering the entire field of mechanical accounting, which will be held at Chesham House, 136, Regent Street, London, W.1, from Monday, June 6th, to Friday, June 10th, 10 a.m. to 6 p.m. daily.

All the latest Burroughs machines used by banks—and the methods of using them on every phase of bank accounting routine—will be demonstrated. You are certain to find this display of great interest.

Admission by invitation card or business card.

TO WHICH ARE INVITED ALL BANK DIRECTORS AND OFFICIALS

BY BURROUGHS ADDING MACHINE LTD., CHESHAM HOUSE, REGENT STREET, W.1

new materials have practical advantages which have brought them into existence. One confesses one gets a little tired of walking into new bank after new bank, however gentlemanly and Georgian the charming brick exterior may be, and finding the same heavily moulded walnut panelling, the same counter and desks with the same bronze grilles, the same floor in black-and-white marble squares everywhere. Even the light-fittings seem to be standardized or on the road to becoming so. Yet each of these interiors, if for a private client with as much money to spend, would be full of happy inventions and individual touches, which the architects would enjoy giving. There is some paralysis which grips the architect's pencil to-day directly he begins to draw the interior of a bank, and I cannot help thinking that it must be due to instructions issued by the various premises departments. The danger is, that while, of course, rightly checking extravagances of idea as well as of expenditure, these departments may check initiative too, that the architects are consequently led to feel that the interior does not matter much, that, indeed, it is the premises department's pigeon not their own.

With these general remarks it is interesting to try and select for illustration typical buildings of the year. There are two buildings which, from their importance, must be included in any survey. The first is that of the National Provincial by Sir Edwin Cooper, ably dealt with in the April number by my colleague of London University, Professor Richardson, and the other is the Commonwealth Bank building in Old Jewry, designed by Messrs. G. T. Vickery and Mr. J. J. Joass. Both these buildings, as is perhaps still inevitable in a large bank building in this country, make use of the Italian palace motive of the great order raised in a lofty base. In the National Provincial building it is used with more strictness. Sir Edwin Cooper might have had San Michele, the great Renaissance architect of Verona and Venice, as his partner. In the Commonwealth Bank building the architects have allowed themselves more freedom from precedent, with the result that their building has a two-storey base of plain ashlar very suited to a narrow street. Then comes the great order and cornice, but the columns, unfortunately, carry far too little, for above the cornice

For BANK CONSTRUCTION *use*

"EXPAMET" *and* EXPERIENCE.

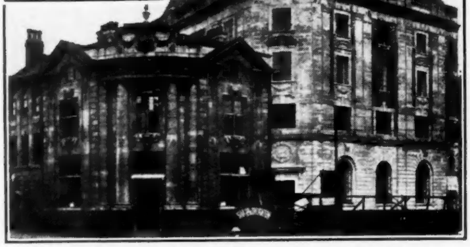
It is more than 35 years since "Expamet" Expanded Steel was first used as a reinforcement for concrete; during that time, the many Bank premises in which "Expamet" has been applied successfully are conclusive proof of its value in modern Bank Construction.

There is real value also in the practical experience acquired during so many years' trading; and it is always at the disposal of those who care to take advantage of it.

"EXPAMET"
(REG.)
EXPANDED METAL

British Steel — British Labour

WHEN WRITING FOR TECHNICAL LITERATURE, QUOTE REF. AD. 772



LLOYDS BANK, Vicar Lane, Leeds.

Architects : Messrs. Kitson, Parish, Ledgard & Pyman, Leeds.
Contractors : Messrs. Paul Rhodes, Ltd., Leeds.

The illustration above shows the old and new Bank premises, before the older building was demolished for the purpose of widening Vicar Lane. In both buildings "Expamet" Expanded Steel was used extensively.

THE EXPANDED METAL CO., Ltd.

Patentees and Manufacturers of Expanded Metal.
Engineers for all forms of Reinforced Concrete and Fire-resistant Construction.

Burwood House, Caxton Street, London, S.W.1
WORKS : WEST HARTLEPOOL.

THE BANK OF INDIA, LTD.

Established 7th September, 1906.

CAPITAL SUBSCRIBED - - - - -	**Rs. 2,00,00,000**
CAPITAL CALLED UP - - - - -	**„ 1,00,00,000**
RESERVE FUND - - - - - - - -	**„ 92,00,000**

HEAD OFFICE:—ORIENTAL BUILDINGS, BOMBAY.

BRANCHES : Bullion Exchange (Shaikh Memon St., Bombay), Bandra, Ahmedabad, Ahmedabad (Station Branch), Calcutta, Poona, Poona City, Surat.

LONDON AGENTS : THE WESTMINSTER BANK LD.

DIRECTORS:

Sir Cowasjee Jehangir, Baronet (Messrs. Cowasjee Jehangir & Co., Ld., Bombay) *Chairman.*
Mr. F. E. Dinshaw (Messrs. Payne & Co., Bombay).
Mr. Ambalal Sarabhai (Ahmedabad).
Sir Joseph Kay, Kt. (Messrs. W. H. Brady & Co., Ld., Bombay).
Mr. A. Geddis (Messrs. James Finlay & Co., Ld., Bombay).
Sir Dinshaw Petit, Baronet (Messrs. D. M. Petit Sons & Co., Bombay).
Sir Chunilal V. Mehta, K.C.S.I. (Bombay).
Mr. Paliram Mathradas (Messrs. Ramnarain Sons, Ld., Bombay).

Current Deposit Accounts.—From 25th December to 25th June, interest is allowed at 2½% on daily balance, Rs. 300 to Rs. 1,00,000. From 25th June to 25th December, interest is allowed at 2% on daily balance. On sums exceeding Rs. 1,00,000 interest is allowed by special arrangement. No interest will be allowed which does not amount to Rs. 3 per half-year.

Fixed Deposits.—Deposits are received fixed for one year or for shorter periods at rates of interest which can be ascertained on application.

Savings Bank.—Accounts opened on favourable terms. Rules on application.

The Bank undertakes Executor and Trustee Business.—Rules may be obtained on application.

General Banking Business transacted, rules for which can be obtained upon application.

A. G. GRAY, *Manager.*

the building has been cut back step by step, presumably for light and air to buildings on the other side of the street. One imagines this setting back must have been brought into existence after the building had started, when there was not time to modify the design. There is a pleasant simplicity about the interior combined with the use of fine wall surfaces which exhibits better the skill of the architects.

Among the smaller branches of the year for Lloyds, always a little more adventurous in their designs than the other banks, I choose the new branch in Church Street, Liverpool, by Mr. Herbert Rowse, and the Ilford branch by Messrs. Johnson and Astbury, of their premises department. Both these are definite breaks with the classical precedent. The former is a delightful Italian Renaissance building in cherry-red brick with delicate stone detail, and the latter one of the few modernist banks in which an attempt has been made to answer the architectural problems involved without reference

BARCLAYS BANK

Architects] [*Peacock & Bewlay*

BRANCH AT SOLIHULL, NEAR BIRMINGHAM, BARCLAYS BANK

Hambros Bank Limited.

41. Bishopsgate,
London E.C.2.

Banque Franco-Chinoise
pour le Commerce et l'Industrie

Capital, fully paid up - - - - - - - - - - - - -	Frs. 50,000,000
Working funds placed at the disposal of the Banque Franco-Chinoise by the Banque Industrielle de Chine - - - - - - - -	,, 50,000,000
Reserves - - - - - - - - - - - - - - - - -	,, 33,336,000

ADMINISTRATIVE COUNCIL.

President: Mr. G. Goy, President of the Administrative Council of the Banque Française et Italienne pour l'Amérique du Sud and of the Compagnie des Chemins de Fer du Sud de l'Indochine; Administrator of the Compagnie du Chemin de Fer P.L.M., the Compagnie Parisienne de Distribution d'Electricité, and of the Crédit Lyonnais.

Vice-Presidents: Mr. E. Oudot, Director of the Banque de Paris et des Pays-Bas and Mr. Chien Yung Ming, former Vice Minister of Finance of the Chinese Government.

Administrators: Messrs. Audap, Atthalin, Casenave, Devies, Grammont, Liou Fou Tcheng, Li Tchang Yi. Ogier, Poirier, Regnault, Robert, Salle, Tchou Sin Lan, Tsi Tche, Wei Tao Ming and Wei Weng Ping.

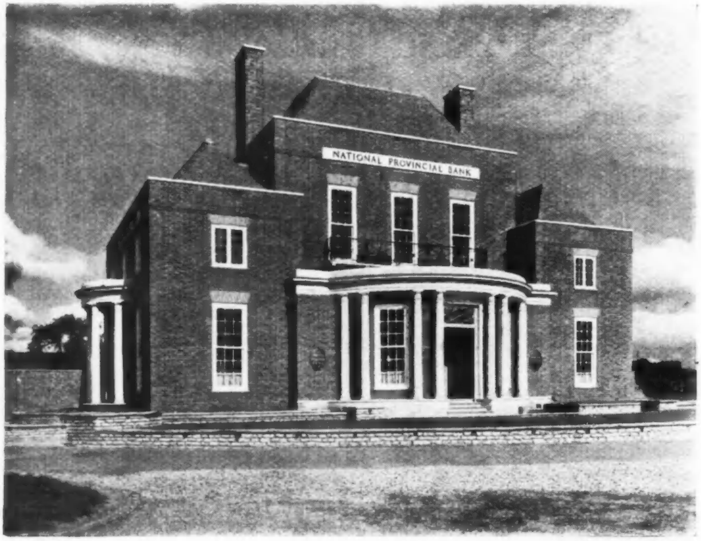
AGENCIES:

France: Paris, Lyon, Marseilles.
China: Pékin, Shanghai, Tientsin, Hongkong.
Indo-china: Saigon, Haiphong, Hanoi, Pnom-Penh, Vinh, Tourane.
Sub-Agencies: Hué, Quinhon.

Correspondents in the principal commercial centres of the world.

In France:	Banque de Paris et des Pays-Bas. Banque Nationale de Crédit. Société Générale.
In London:	Midland Bank Ltd. Banca Commerciale Italiana.
In New York:	American Exchange Irving Trust Co. Banca Commerciale Italiana.

to past styles. Mr. Rowse's building is as delightful as it is possible for such a piece of Renaissance fancy dress to be. No one, of course, would imagine the dress, with its fine stretches of plain, rich surface, covered a steel frame. It is, nevertheless, a very clever cloak which deserves more consideration, whether we think it right for the twentieth century or not, than there is space for now. I hope to return to it later. The Ilford branch is a brave attempt to beat out a new path which may well become a landmark in the history of bank design in this country.



Architects] [*Palmer & Holden*

THE GREAT WEST ROAD BRANCH OF THE NATIONAL PROVINCIAL BANK

For the Westminster Bank I choose the Grosvenor Gardens branch by Mr. F. Etchells, because it is so admirable a solution of a difficult problem, which must become more and more insistent, of introducing a bank into the ground floor of an existing building without spoiling the building, yet ensuring a suitable bank character. If, however, the Lothbury headquarters building is to be considered to come within the year, it must be, of course, included as the most important

Guinness, Mahon & Co.

ESTABLISHED 1836

53 Cornhill,
LONDON, E.C. 3

17 College Green,
DUBLIN, C.1

LET THE STANDARD LIFE
PROTECT YOUR FAMILY

THE STANDARD
has special schemes for Bank Employees, is the best British Office for Annuities, **and** issues the newest class of life assurance policy — The Annual Cash Bonus Plan.

Bank Officials can be Agents for no better Company.

GOOD NEWS
in
BAD TIMES

Again

The STANDARD LIFE
has declared the
ANNUAL COMPOUND BONUS
OF 42/-%

"*THIS IS A FINE ACHIEVEMENT*" — The Economist.

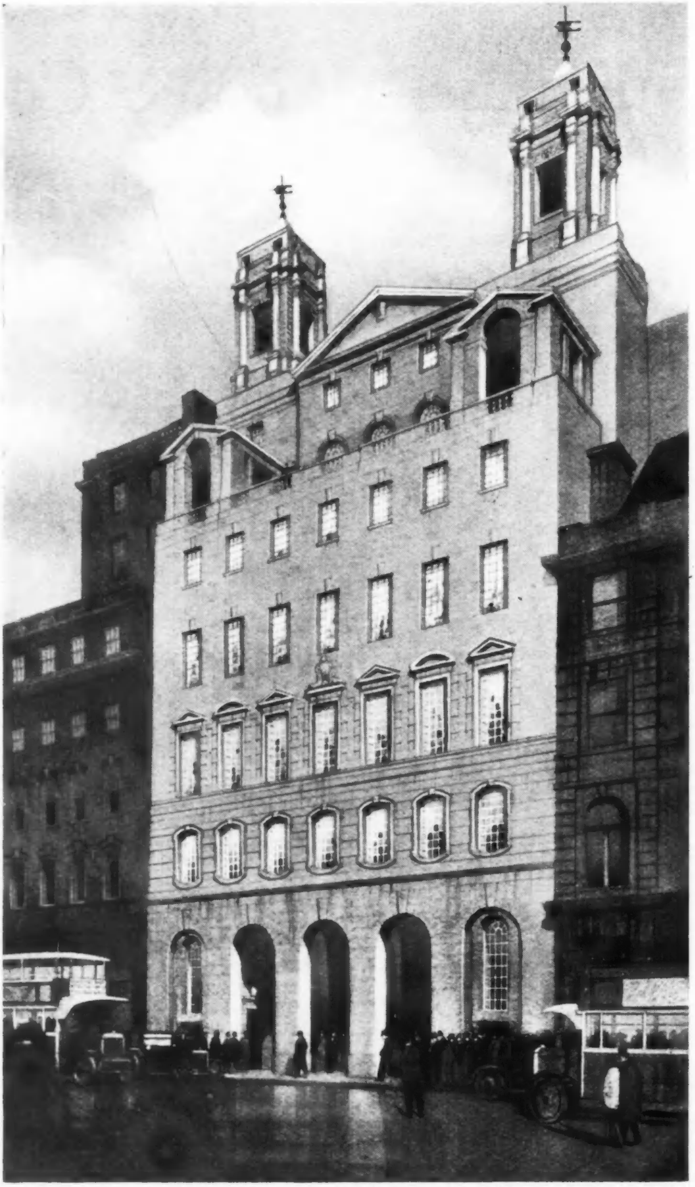
The STANDARD LIFE
ASSURANCE COMPANY

ESTABLISHED
1825

LONDON
48 QUEEN VICTORIA ST. E.C.4
15A PALL MALL S.W.1

DUBLIN
59 DAWSON STREET

HEAD OFFICE - 3 GEORGE STREET
EDINBURGH



Architects] [*Sir Edwin Lutyens and Whinney, Son & Austen Hall*

THE MIDLAND BANK BRANCH IN LEADENHALL STREET

Through THE EVER-CHANGING CONDITIONS OF 85 YEARS——WARS, EPIDEMICS, PERIODS OF FINANCIAL STRINGENCY, PANICS AND DEPRESSIONS, THE CANADA LIFE HAS STEADILY PROGRESSED

Total Business in Force	**£211,594,207**
Total Premium Income	**£7,884,267**
Total Income from all Sources	**£10,466,984**
Net Surplus earned in year	**£1,161,286**
Payments to Policyholders and Beneficiaries	**£5,257,027**
Assets for Protection of Policyholders	**£42,077,254**

As at December 31st, 1931.

CANADA LIFE
ASSURANCE COMPANY

Incorporated in Canada as a Limited Liability Company
Established 1847.
J. R. Wandless, F.I.A., Manager, 2, St. James's Sq., London, S.W.1.

PROFIT

By others' experience.

NOW READY, our latest BUSINESS SERIES List of Books by Authors of eminence in their respective spheres. Post free on receipt of post card.

Specimen Selection :—

PARTNERSHIP LAW AND ACCOUNTS.
The law relating to Partnerships is carefully and clearly explained, while the necessary accounts are fully set out and analysed.
By R. W. Holland, O.B.E., M.A., M.SC., LL.D. **6/-***

ROUTINE OF COMMERCE.
The chapters include specimen transactions as far as possible, the correspondence and documents incidental thereto being introduced in their natural order.
By Alfred Schofield, B.SC. **4/-***

OBTAINING CAPITAL.
This work shows in explicit detail the only rational methods by which small businesses can be financed; how to obtain finance for a good invention or business idea, and how to obtain finance for the purchase of a business. Indispensable to all seeking capital.
Third Edition. By G. A. Bush, F.R.ECON.S. **4/6***

THE LAW RELATING TO INDUSTRY.
The most exhaustive work of its kind, and should be in the hands of everyone interested in industry.
By H. Samuels, M.A. **15/-***
* Postage extra.

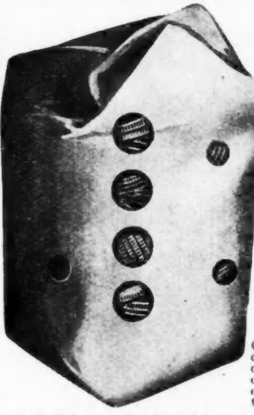
EFFICIENCY PUBLISHING Co.
Publishers and Booksellers,
Efficiency House, Lowlands Road,
Harrow, Middlesex.

CUT DOWN
COSTS
& THE RISK OF
ERROR!

—use Copper and Silver Bags with the "L.B.C." FRAUDPROOF Big Holes SEAMS perforation which enable Cashiers to SEE WHAT THEY ARE RECEIVING—impossible with a small holes bag. A significant fact is that 75 per cent. of the Banks of Great Britain use FRAUDPROOF and they will pay you too!!

YOUR STATIONER CAN SUPPLY YOU
ASK HIM FOR SAMPLES TO-DAY!!

The LARGE holes are in the double part of the Bag—the Seam.



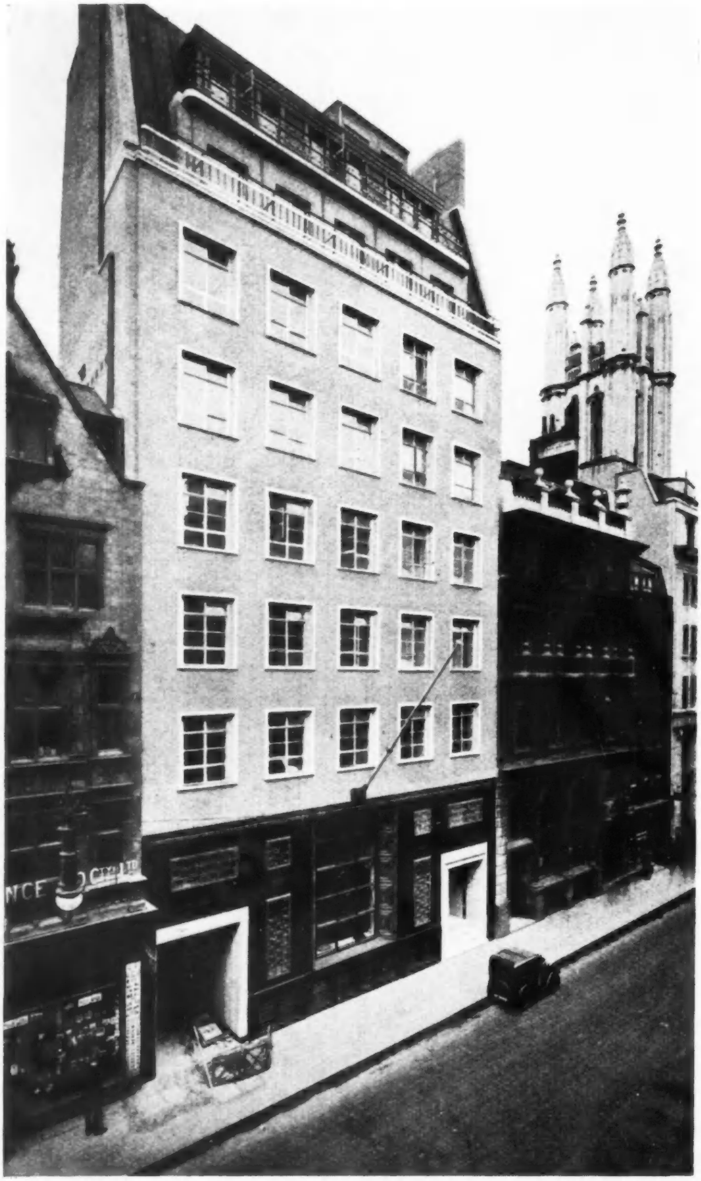
On account of enormous output we can quote exceptional terms.

"L.B.C." Super Quality Copper and Silver Bags are made from the finest grade Manilla — are Mullen test guaranteed — and all packed in free cartons, which save waste, minimise packing space and reduce shipping charges.

LOOK FOR THE BIG HOLES IN THE SEAMS

They protect you without cost. We make no charge for the use of FRAUDPROOF Patent.

LANCASTER
BROTHERS & COMPANY
CASH BAG SPECIALISTS
SHADWELL STREET
BIRMINGHAM



Architects] [*Easton & Robertson*

MESSRS. CHASE HARRIS FORBES, 50 & 52, CORNHILL

ESTABLISHED 1809.

North British & Mercantile
Insurance Company, Limited.

FIRE LIFE ANNUITIES
ACCIDENT BURGLARY MOTOR MARINE
AND OTHER CLASSES OF INSURANCE.

TOTAL FUNDS EXCEED - - £40,697,000
TOTAL INCOME EXCEEDS - £9,901,000

SPECIAL ARRANGEMENTS FOR LIFE ASSURANCE ON LIVES OF BANK OFFICIALS AND EMPLOYEES.

CHIEF OFFICES:
LONDON ... ... 61 THREADNEEDLE STREET, E.C. 2
EDINBURGH ... ... 64 PRINCES STREET.

The Business Transfer, Partnership and Property Agents' Institute of Great Britain.

NOTICE
TO BUSINESS AND PROPERTY OWNERS

All Agents displaying the Emblem as above on their printed matter, and annexing the abbreviations "F.T.A.I." or "A.T.A.I." to their names, have submitted to the Executive Council of the above-named Institute satisfactory proof of their professional and personal integrity; and having solemnly undertaken to observe the Institute's Rules of Professional Conduct, have been duly elected Corporate Members. Backed by a highly organized Legal, Valuations, and Advisory Service, Members are in the position to render exceptionally efficient and satisfactory services to their Clients, and they will gladly arrange for consultations at any time without obligation. The name and address of the nearest Member will be forwarded on request by the General Secretary: **W. J. Taylor, F.Inc.A.C., Efficiency House, Lowlands Road, Harrow.**
Copy of the Rules and Regulations governing Election and Admission obtainable by Agents on request to the Secretary.

To be published shortly

FINANCE AND POLITICS
Being a Sequel to
BEHIND THE SCENES OF INTERNATIONAL FINANCE
BY PAUL EINZIG

Price 7s. 6d. *net.*

MACMILLAN & COMPANY LIMITED, LONDON, W.C.2

contribution of this bank to current architecture. The Lothbury front as seen down Bartholomew Lane, is as good a piece of Italian design of about A.D. 1600 as Mr. Rowse's is of A.D. 1500, but whether the extra hundred years is worth worrying about or not in the twentieth-century building I am not at all clear.

Of Barclays branches during the year I choose that at Solihull by Mr. E. C. Bewlay. It employs the Georgian formula and manages by means of it to give an air of dignity to a small one-storey structure. Of the National Provincial branches I choose their branch, so like a large private house, on the Great West Road, by Messrs. Palmer and Holden. The Midland Bank must inevitably be represented by the fine building by Sir Edwin Lutyens and Messrs. Whinney, Son and Austen Hall, in Leadenhall Street, with its picturesque Wren-like twin towers and general air of eighteenth-century ease and graciousness. As a contrast with it I choose that very efficient banking machine on the opposite side of the street (in the part called Cornhill) for the Chase Harris Forbes bank building, by Messrs. Easton and Robertson. No two bank buildings could better illustrate the two contrasting schools of thought at work in the public mind to-day than these.

Looking over all these illustrations once more I think the general result may be said to be a movement towards greater simplicity and efficiency, if a little uncertain in its main cultural inspiration. For the moment it appears that what I have called the Swedish-Georgian compromise of old proportions with new detail—in this country we love compromise and our architecture is bound to reflect it—is likely to hold the field with increasing force for some time to come.

THERE IS A TRADITION

that statistics on British Industries are virtually unobtainable. The tradition, however, is mistaken.

In collaboration with the *Economist* Newspaper, Moodys-Economist Services have prepared a month-to-month service on some 40 leading industries, supplemented by tables on exchange rates, prices, employment, bankruptcy, etc., at home and abroad.

The whole is presented in a convenient loose-leaf binder.

⁂

MOODYS-Economist SERVICES LTD.
King William Street House,
E.C.4.

SOCIÉTÉ GÉNÉRALE

POUR FAVORISER LE DÉVELOPPEMENT DU COMMERCE ET DE L'INDUSTRIE EN FRANCE.

ESTABLISHED 1864.

(Incorporated in France with Limited Liability)

Subscribed Capital - - - -	**Frs. 625,000,000**
Paid-up Capital - - - -	**Frs. 320,977,750**
Reserve Fund and Undivided Profits -	**Frs. 416,913,014**
Deposits (31st Dec., 1931) - - -	**Frs. 11,912,323,619**

Head Office: 29 BOULEVARD HAUSSMANN, PARIS.
London Office: 105 OLD BROAD STREET, E.C.2.
West-End Branch: 11 WATERLOO PLACE, S.W.1.

100 BRANCHES IN PARIS AND SUBURBS.
Over 1,450 BRANCHES AND SUB-OFFICES IN FRANCE AND NORTH AFRICA.

AFFILIATED BANKS:

SOCIÉTÉ GÉNÉRALE DE BANQUE POUR L'ÉTRANGER ET LES COLONIES
(Barcelona, Valencia).

SOCIÉTÉ FRANÇAISE DE BANQUE ET DE DÉPÔTS
(Antwerp, Brussels, Charleroi, Ostend).

BANQUE FRANÇAISE DE SYRIE
(Aleppo, Beyrouth, Damascus, Tripoli).

The Société Générale is represented in Alsace and in Lorraine by the SOCIÉTÉ GÉNÉRALE ALSACIENNE DE BANQUE, which Bank has also branches in Luxembourg, in various towns in Western Germany, and in Sarrebruck and Zurich.

Correspondents in all parts of the World.

PRINTED BY EYRE AND SPOTTISWOODE LIMITED, HIS MAJESTY'S PRINTERS, EAST HARDING STREET, LONDON, E.C.4, AND
PUBLISHED MONTHLY BY FINANCIAL NEWSPAPER PROPRIETORS LIMITED, 20 BISHOPSGATE, LONDON, E.C.2.